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## NEWS SUMMARY

### GENERAL

## Militant group 'broke rules'

LORD UNDERHILL has published his report on the activities of the Labour Party's Militant Tendency, based on documents published by the group between 1973 and 1978.

He thought Militant probably had no more than 2,000 members but estimated it had influence in about 60 constituencies. He challenged the National Executive to dissociate itself from the revolutionary policies Militant supports, but did not demand the tendency's expulsion.

But leader James Callaghan is likely to use his influence to try to rid the party of Militant, on the grounds that it had infringed rules by organising a separate grouping within the party. Back Page

### Mortgage rates

Building Societies Association may decide to end the present recommended mortgage rate system, its chairman, Leonard Williams, said. Back Page

### Dutch protest

More than 80,000 Dutch trade unionists demonstrated in Amsterdam against proposed wage controls after a day of national strikes. Page 2

### Martial law lifted

Lord Soames, British Governor, announced the end of martial law in Rhodesia and a British aid package of £7.5m for post-war reconstruction.

### Saudi missiles

Saudi Arabia was reported to be setting up surface-to-air missiles along its borders with North and South Yemen. Page 3

### No race question

There will be no question on race or ethnic origin in the 1981 census questionnaire, Social Services Secretary Patrick Jenkin said.

### Nobel nominee

Raoul Wallenburg, the Swedish diplomat, has been nominated for a Nobel Peace Prize by 20 MPs. He helped thousands of Jews escape Budapest in 1944 and disappeared after being arrested by the Soviets.

### Anti-apartheid aid

Swedish Government is to give SKr 6m (£0.62m) to the United Nations anti-apartheid programme and for southern African refugees.

### Tin mine strike

More than 150 underground workers are on strike at South Crofty tin mine in Cornwall. Radioactivity in the mine could have been the cause of at least 15 cases of cancer, five fatal, the men claim.

### Cold comfort

Bad weather continued with strong north-easterly winds and snow as far south as Sevenoaks, Kent. Outlook is cold and dry.

### Two Wongs

Michael Wong Sun Sung of Durham, who shot two mute swans and two eider ducks on a Northumberland nature reserve, was fined £100 by Berwick magistrates. His brother, who aided and abetted him, was fined £50.

### Briefly . . .

Bad wine fumes killed four Argentinians who opened a storage tank.

Radio Caroline, the pirate radio station, sank in the Thames Estuary.

French philosopher Jean-Paul Sartre, 74, was taken to hospital suffering a pulmonary oedema.

### BUSINESS

## Gold up $33; equities gain 1.2

● EQUITIES remained sluggish on continuing Budget uncertainties and the Bank's call for a restrictive monetary policy. The FT 30-share index gained 1.2 to 433.2. Golds rose 20.7 to 315.0.

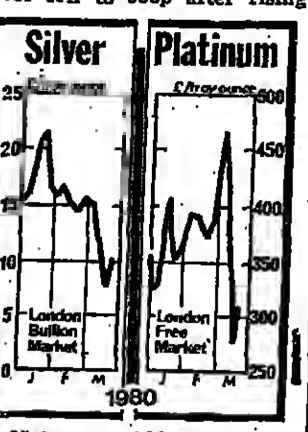
● GILTS were quiet, with shorts easing up to ¼. The Government Securities index fell 0.06 to 64.34.

● WALL STREET was 5.63 lower at 795.31 before the close.

● STERLING gained 50 points to $2.1980, its trade-weighted index rising to 72.3 (72.2). DOLLAR fell to DM 1.8655 (1.8720) in nervous trading. Its index was 88.9 (89.1).

● GOLD rose $33 an ounce in London to $553.

● PLATINUM rallied, rising £21.90 an ounce to £309.45. Spot silver fell to 990p after rising




by 85.4p to 1,026.60p a troy ounce at the morning fix. Page 39

● U.S. CURRENT ACCOUNT payments deficit in 1979 narrowed to only $317m, compared with deficits of $13.5bn in 1978 and $14bn in 1977.

● WEST GERMANY has reached two long-term oil supply deals with Saudi Arabia worth about $3.57bn a year at current prices, guaranteeing 8.3m tonnes of crude a year. Back Page

● GOVERNMENT is to remove Mr. Michael Casey from the post of chief executive of British Shipbuilders when his contract runs out in May. Back Page ...

● BRITAIN fell from third to fourth place in the world league of merchants ship tonnage built last year, says a Lloyds Shipping Register report. Page 6 ...

● TRICENTROL, the UK-based oil and commercial group, plans to expand its North American activities, which could mean switching emphasis from its stake in the Thistle Field. Page 6, results, Page 26

● STOCK EXCHANGE is to extend Talisman, its computer settlement system, to South African securities by setting up a central stock pooling company in Johannesburg. Page 8

● STEEL UNIONS meet British Steel officials today in what could be the last attempt to negotiate a settlement after formally rejecting its latest offer. Back Page

● CIVIL SERVICE UNION may seek High Court action next week to prevent the Defence Ministry from making staff redundant or offering their work to private contracts. Page 9

### COMPANIES

● BARCLAYS BANK reports taxable profits up by 42 per cent to £539.4m in 1979. Total dividend is raised by 36.6 per cent. Page 24 and Lex, Back Page

● STONE-PLATT Industries, the textile machinery and engineering group, reports a taxable loss of £2.94m for 1979, compared with profits of £9.51m a year ago. Page 24 and Lex, Back Page

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Treas. Variable '83 | £93¼ | + 7/16 |
| Associated Fisheries | 63 | + 3 |
| Avana | 118 | + 8 |
| Bowring (C. T.) | 132 | + 5 |
| Channel Tunnel | 190 | + 20 |
| City & Int. Trust | 126 | + 6 |
| Decca A | 510 | + 10 |
| Dixor Strand | 21 | + 4 |
| Hepworth Ceramic | 104½ | + 7 |
| Howden (A.) | 110 | + 5 |
| ICI | 370 | + 6 |
| Mallinson-Denny | 64 | + 4½ |
| Meyer (Mont. L.) | 118 | + 10 |
| Muirhead | 202 | + 11 |
| S. African Breweries | 126 | + 6 |
| UDT | 55 | + 3 |
| Unitech | 275 | + 7 |
| Wolseley Hughes | 292 | + 24 |
| Carless Capel | 90 | + 7 |
| LASMO | 452 | + 17 |
| National Carbonising | 126 | + 12 |
| Tricentrol | 290 | + 8 |
| Castlefield (Klang) | 50[illegible] | + 27 |
| Inch Kenneth Kajang | 233 | + 12 |
| Cons. Gold Fields | 490 | + 17 |
| Conzinc Riotinto | 258 | + 18 |
| De Beers Defd. | 442 | + 25 |
| Doornfontein | 614 | + 84 |
| Gold Mines of Kalgoorlie | 208 | + 23 |
| Poseidon | 118 | + 20 |
| Rustenburg Platinum | 226 | + 13 |
| Samantha | 86 | + 10 |
| Southern Pacific Pet. | 737 | + 87 |
| Southvaal | 978 | + 102 |
| Vaal Reefs | £25 | + 2 |
| Venterspost | 569 | + 74 |
| **FALLS** | | |
| Furness Withy | 380 | − 8 |
| Pressac | 33 | − 7 |
| Stone-Platt | 36 | − 6 |
| Wilkes (J.) | 38 | − 4 |

# Banking changes urged for money supply controls

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MAJOR CHANGES in the operation of the banking system were proposed yesterday by the Treasury and the Bank of England in a joint consultative paper. The aim is to remove distortions and to improve short-term control over the growth of the money supply.

The proposals are in two parts. The first consists of specific suggestions for ensuring that the present system works better, including the end of the so-called corset controls on the growth of the banks' operations. These ideas are likely to be implemented over the next year.

Secondly, and separately, the paper discusses more radical, long-term suggestions for changing the system. They include forms of monetary base control, in which the Bank attempts to control bank deposits, and indicator systems, under which interest rates are changed automatically in response to changes in the money supply.

Mr. Nigel Lawson, the Financial Secretary to the Treasury, said yesterday the Government was sceptical about both the monetary base and indicator systems, but it was less sceptical about the latter, where the practical problems were fewer.

"Both systems would tend to lead to greater volatility in interest rates, but there is no reason to believe that they would, on average, result in a higher level of interest rates," he said.

The monetary base method—strongly urged by a number of City economists and stockbrokers who have close contacts with senior Ministers — is regarded as both difficult to define and impracticable. There is greater official sympathy for a more automatic adjustment of interest rates, though it is admitted that the Government would sometimes have to override this.

The Treasury and the Bank invite comments from affected parties, and the consultation period will last about six months. There has been fierce controversy in the City about rival suggestions for structural reform of the monetary system.

The more immediate proposals can go ahead without prejudicing these longer-term issues. But in this case consultation will be much more about detail than principle.

Mr. Lawson said it had been specifically decided to exclude from immediate discussion the important but separate issue of methods of funding and selling gilt-edged stock.

The starting point of the paper is a reaffirmation of the central role of monetary policy in bringing down the inflation rate, with the main instruments being fiscal policy—notably the commitment to reduce "over time" public sector borrowing as a proportion of national output—and interest rates.

These objectives will continue to be expressed in terms of a target relating to one measure of the money supply, which will remain sterling M3, the broad definition. But other measures will be taken into account.

Permanent quantitative controls are rejected because they tend to divert monetary flows without affecting underlying monetary conditions.

Consequently, the Government has decided that the supplementary special deposits scheme (the corset) has "come virtually to the end of its useful life and should be phased out as soon as it conveniently can be."

This scheme limits the growth of interest-bearing eligible liabilities, a major part of the banks' deposits. Since its reimposition in June 1978, the corset has in practice resulted

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# Rate of monetary growth slackens

BY PETER RIDDELL

THE RATE of monetary growth is slowing down, but only slowly. Bank lending to the private sector is still rising steadily.

The mid-February figures, published yesterday by the Bank of England, show that sterling M3, the broadly-defined money supply, rose by 0.9 per cent last month. This takes the increase since last June at an annual rate to just over 12 per cent, compared with between 13 and 14½ per cent last autumn.

However, this is still above the upper end of the 7 to 11 per cent official target rate of increase. Moreover, a further two points should be added to the actual increase to take account of commercial bills held outside the banking system. These are a form of lending which are outside the statistics.

In the Commons yesterday, Sir Geoffrey Howe, the Chancellor, said that sterling M3 had grown at an annual rate of 10 per cent over the past four months which represented a "very considerable slowdown" on the rate inherited by the Government.

He said there were "encouraging signs" of progress towards the Government's economic objectives. He added that Government borrowing "has been, is being and will be reduced" as a result of its measures. All this will no doubt be at the heart of next Wednesday's Budget speech.

While Ministers clearly believe that monetary growth has passed its peak, the slowdown has not yet been sufficient to justify an early cut in Minimum Lending Rate. The rate of monetary expansion will have to be well within the target range and bank lending to be less buoyant than at present before MLR is likely to be cut and many City analysts do not think this will happen for at least a couple of months.

Bank lending remains the major expansionary influence—rising by £584m last month and the increase would have been some £200m higher if allowance were made for the large seasonal seasonal surrenders of certificates of tax deposit in order to pay corporation tax.

This compares with an average monthly rise in lending of £730m in the past three months. The continued demand for bank credit reflects the intense financial squeeze on industry and its excessively high level of stocks.

The public sector was a broadly contractionary factor as there was a small central gov-

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# Mrs. Thatcher sets out EEC demands

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER yesterday named three key negotiating point for Britain at the forthcoming EEC summit in Brussels.

Pressed by Mr. James Callaghan, Opposition leader, in the Commons yesterday to declare her tactics, she confirmed that the Government would:

1—In the last resort have to consider withholding value-added tax contributions to the European Community, if there was not an equitable solution to the budget problem;

2—Stick to its demands for a price freeze on all agricultural products which are at present in surplus;

3—Reject any suggestion that Britain would be prepared to link the budget issue with other matters which needed to be negotiated, such as fish, energy and lamb. These could be discussed at Brussels but purely on their merits.

The harshness of her line within a fortnight of the Brussels summit clearly alarmed some of her colleagues, who have ben urging a more flexible approach and an absence of what they regard as counter-productive threats of realiatory action by the UK in the event of stalemate.

Britain's negotiating tactics were discussed by the Cabinet at a 90-minute meeting at Downing Street yesterday, when Ministers agreed to give Mrs. Thatcher and Lord Carrington, Foreign Secretary, a free hand to negotiate at Brussels on March 31 and April 1.

In her comments to the Commons, the Prime Minister accepted the need for a compromise following failure to persuade Birtain's Common Market partners at Dublin, but she stressed: "I have not very much rom for manoeuvre."

Mrs. Thatcher's difficulty is that she has set targets that could be difficult to fulfill, given the declared attitudes of other EEC governments towards Britain's demands.

There is a growing surge of support on the Tory benches, as well as from the Opposition, for a tough stand to be taken, and Mrs Thatcher could be in political difficulties should she return from Brussels with an unacceptable package or without a firm promise of early action to meet Britain's case.

Over 130 Conservative backbenchers from all sections of the party have now signed a Commons motion backing the Government, should it "as a last resort find it necessary to withhold part of the UK's contribution, in order to achieve a satisfactory settlement."

To this pressure was added last night an Opposition attempt to push the Government into a more aggressive stance.

Mr. James Callaghan and his Shadow Cabinet colleagues tabled an amendment to a Government motion on the Community budget to be debated on Monday night, which would in effect restore the pre-Dublin target of broad balance in Britain's budget contributions and receipts.

The amendment repeats a form of words passed by the Commons unanimously both last July and in November declaring that Britain's contribution should be "at least not greater than the receipts."

By contrast, the Government motion gives support to the Prime Minister in her efforts to bring about "a substantial, immediate and lasting reduction in the UK's net contribution to the Community budget."

Lord Carrington, the Foreign Secretary, denied last night there was any argument over tactics between the Prime Minister and the Foreign Office. In an interview on Thames Television's TV Eye programme Lord Carrington declared: "I simply do not accept that there is any difference between the Prime Minister and myself about it."

But the Foreign Secretary did appear to question the wisdom of issuing warnings about retaliatory action.

"I think it's a great mistake to say if something doesn't happen I'm going to do A, B, C, D, E, F. Of course you have got to consider them but what we have got to do is to get a solution because it really is important."

John Wyles writes: The Government has apparently concluded that a "softly softly" approach is ruled out by rising domestic political pressures, and that hints of reprisals and retaliation may yet pull off a negotiating victory in Brussels. The UK apparently understands that its threats are causing irritation among EEC partners, but Whitehall has concluded that forcing them to concentrate on the costs of failure may yet succeed where diplomatic persuasion is failing.

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£ in New York

| — | Mar. 19 | Previous |
|---|---|---|
| Spot | $2.1955-1965 | $2.1845-1860 |
| 1 mnth | 0.11-0.07 dis | 0.23-0.28 prem |
| 3 mths | 0.35-0.40 prem | 0.84-0.89 prem |
| 12 mths | 0.10-0.20 prem | 0.65-0.75 prem |

# U.S. Steel to sue over 'dumping' by Europeans

BY DAVID LASCELLES IN NEW YORK

U.S. STEEL, America's largest steel company, will today file anti-dumping suits against major European producers of steel, carrying out its long-standing threat to take action against what it regards as unfair competition.

The move brings to a head a dispute which has pitted the steel industry in the U.S. not only against the European and Japanese, but against its own Government, too.

At its Pittsburgh headquarters, U.S. Steel said it will file complaints with the Commerce Department and the International Trade Commission, against "unfair trade practices of steel producers in seven European Community nations" which it specified as the UK, France, Belgium, Luxembourg, Italy, the Netherlands and West Germany.

The company will claim it suffered "material injury" because of imports from these countries in the past five years which were sold "at less than fair value in the U.S." The products in question are listed as structural shapes, plates, hot rolled sheets, cold rolled sheets, and galvanised sheets.

Mr. David Roderick, U.S. Steel's chairman, said the company was also investigating steel producers in Japan and "other selected countries" with a view to filing anti-dumping complaints against them too.

U.S. Steel's move follows weeks of heated debate in the U.S. about how to handle the problem of steel imports. Viscount Etienne Davignon, the EEC Industry Commissioner, was also in Washington a week ago for talks with the administration.

However, U.S. Steel's statement yesterday was clearly prompted by President Jimmy Carter's decision on Wednesday not to alter the so-called "trigger price" used to keep out cheap steel imports. Mr. Carter said he would hold the trigger price (the level below which levies would have to be paid) at $358 (£163) a ton for the second quarter, rebuffing the steel industry's demands for an increase.

The company had made it clear to the Government that it would file an anti-dumping suit if the price was not raised. Mr. Roderick said yesterday that Mr. Carter's decision underscored the inadequacy of the trigger price mechanism.

The Government had earlier said it would abolish the mechanism altogether if anti-dumping suits were filed, because the steel industry could not expect to enjoy both forms of protection.

There was no immediate indication yesterday whether the Department of Commerce would carry out this threat in the wake of the company's action. Although it has taken a strong stand on the issue, it would also have to take into account the possible grave consequences of abolition.

Armco, for example, one of the country's largest steelmakers, said yesterday that, while it had no plans to file anti-dumping suits

# Sweden plans $500m Eurobond

BY FRANCIS GHILES

SWEDEN intends to raise $500m (£237m) in the form of a fixed interest rate dollar Eurobond. Final go-ahead for this bond is expected next Monday, once the referendum on the future of nuclear power in Sweden is out of the way.

This bond will be closely watched by Eurobond houses in London and Continental financial centres as it marks the effective reopening of the fixed rate dollar Eurobond market after its virtual closure last summer. The weakness of the U.S. dollar and more recently the relentless rise in U.S. interest rates have forced most borrowers wishing to issue dollar bonds into arranging floating rate note issues.

The $500m bond for Sweden, which is being arranged by Salomon Brothers and S. G. Warburg, includes two unusual features. It invokes a "tap" element—an initial tranche of $125m 3½ years notes will be issued, and the remainder will follow, before the year is out, at the borrowers option.

Contrary to usual Eurobond market practice, no coupon or price for the bond will be indicated by the lead managers. Instead the issue will be offered on the basis of a guaranteed yield. This is expected to be around 15 per cent, marking a new high for an isuer of this quality.

Sweden has been an active raiser of funds in the Eurobond markets of late. It is currently arranging a £20m isue through Hambros and a DM 200m issue through Deutsche Bank. Last year Swden virtually doubled the volume of international bonds it offered in the international capital markets to $1.8bn.

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CONSULTATIONS WITH ITALIAN POLITICIANS BEGIN

# Pertini looks for a swift settlement

BY PAUL BETTS IN ROME

ITALY'S President, Sig. Sandro Pertini, began consultations with the main political parties yesterday in an effort to find a rapid solution to the country's government crisis.

Sig. Francesco Cossiga's minority administration which collapsed on Wednesday after a parliamentary debate in which the Socialist and Republican parties withdrew their support.

The Government's fall has coincided with a particularly savage outburst of political violence in which three leading magistrates have been murdered in the past four days by Left-wing extremists.

Before starting his consultations, President Pertini yesterday held emergency talks at the Presidential Palace with the outgoing Premier, the Interior Minister, and police and security chiefs to discuss new measures to combat terrorism.

Italy is also facing growing economic difficulties with a deterioration in its terms of trade and with the lira again coming under pressure. This, coupled with fears about the possible repercussions of a prolonged Government crisis on the country's international commitments, including the presidency of the European Council, has prompted the Italian President to speed up the process of finding a new Government.

Regional elections are due to be held in late spring, putting further pressure on Sig. Pertini. The polls are already being regarded as a second round of the inconclusive general election last June, which led, after two months of painstaking negotiations, to the formation of Sig. Cossiga's minority Government. This was to have acted as a temporary compromise to give the country a period of political truce.


Sig. Cossiga speaks in the parliamentary debate which led to his downfall.

This truce has now ended, however, without any broad political agreement on a more stable and lasting governing formula. In fact, the political deadlock in Italy looks worse than ever.

The trouble stems essentially from the breakdown in the dialogue between the long-ruling Christian Democrats and the Communists, which together account for 78 per cent of the national vote.

Although leaders of both parties generally agree that Italy is virtually ungovernable without a constructive dialogue between them, the Christian Democrats have continued to reject Communist participation in Government and the Communists have emphasised that they will remain in opposition unless they are given Cabinet posts.

The Christian Democrats, with 38 per cent of the popular vote, can only hope in these circumstances to secure a parliamentary majority with the support of the Socialists, who hold the balance of power in Parliament with 9 per cent of the electorate behind them.

The Socialists, however, are now deeply split, with the right of the party favouring a deal with the Christian Democrats excluding the Communists and the left pressing for the formation of a Government of national unity to tackle the country's dire problems. Such a Government would include the Comunists.

It was the split in the party which precipitated the latest crisis because Sig. Bettino Craxi, the Socialist leader, could no longer guarantee the full, if indirect, support of his party to Sig. Cossiga.

These divisions among the Socialists are likely to make any early solution to the present crisis extremely difficult.

In any event, Sig. Cossiga is likely to be asked by President Pertini early next week to atempt to form a new government. The outgoing Premier, during the parliamentary debate immediately before his resignation, said it was now necessary to find an acceptable political compromise to enable the country to tackle its growing difficulties. This was generally seen as a bid to increase his chances of forming a new administration.

Sig. Enrico Berlinguer, the Communist leader, said his party would adopt a constructive stand towards any new government as long as there was broad agreement on the new administration's economic and social programme.

These are all signs that the main political parties are concerned to avoid hardening the current deadlock. The risk is that a new general election would once again have to be held prematurely, and could well result in another compromise government to hold the ring until the political parties find a more lasting formula. Another fragile minority Christian Democrat administration could well be the outcome.

Although this is one of the most difficult crises Italy has faced in the past 35 years, it is unlikely at this stage at least to cause serious internet repercussions. Indeed, Italians appear to have learnt to live remarkably well without governments during the past decade.

One prominent politician commented yesterday that "after all, Italian governments tend to fall in the spring to enable the new one to bloom in the summer."

But political formulas are now fast running out in Italy.

# USSR denies anthrax epidemic

By David Satter in Moscow

THE SOVIET UNION hinted yesterday that there was an epidemic in Sverdlovsk last spring but that the cause was not anthrax, a bacterial disease whose toxin is an agent in germ warfare, but foot and mouth disease, which is still common in agricultural areas.

The Soviet news agency Tas dismissed Western reports of a leak in a germ warfare plant as "ravings," but said that epidemics of "cholera, plague, typhus or foot and mouth disease" arise from "time to time in various parts of the world."

The unusual inclusion by Tass of foot and month disease in a list of diseases which affect humans may have been prompted by the fact that like anthrax, it is transmitted by animals. Unlike anthrax, however, it cannot be used as a bacteriological weapon.

Tass said that if an "incident" was created every time an epidemic broke out somewhere in the world it would be possible to collect evidence of NATO preparations for bacteriological warfare. "The point is how one looks at happenings," the agency said.

Tass did not state directly that the epidemic which reportedly took place in Sverdlovsk with the loss of many lives was the result of foot and mouth disease and did not say that an epidemic ever took place there. But the Soviet Union appeared to be preparing an official explanation in the face of mounting evidence of an outbreak of some kind.

"Anyone who knows anything about medicine knows that from time to time in various regions of our planet there occur outbreaks or epidemics of various diseases," the news agency said.

Tass made no reference to the articles last year in Vecherny Sverdlovsk, the Sverdlovsk evening newspaper, warning residents how to protect themselves against anthrax. A staff member at Vecherny Sverdlovsk said this week that he could not remember why the articles were published.

Past Soviet Press practice suggests they could only have been published to head off mass panic.

# Bonn seeks Argentinian guarantees on N-plant

BY ROGER BOYES IN BONN

THE WEST GERMAN Government is pressing Argentina for fresh guarantees on nuclear technology safeguards and appears to be holding up approval for the delivery of a reactor to Argentina.

Kraftwerk Union (KWU), a subsidiary of Siemens, was last year awarded a hotly-contested contract to build a nuclear power station for Argentina, which plans to spend an estimated $10bn (£4.6bn) on its ambitious nuclear power programme over the next 20 years. Sulzer Brothers of Winterthur in Switzerland is to instal the heavy water plant in the project.

But the West German Government has yet to grant an export licence to KWU and is still discussing the nature of the safeguards required. Herr Guenther van Well, State Secretary in the Foreign Ministry, has travelled to Argentina where he is expected to discuss the matter with senior officials.

The controversial deal, clinched shortly after a visit to Argentina by Count Otto Lambsdorff, the Economics Minister, has come under fire from both the U.S. and Canada. The U.S. has expressed concern that Argentina, which has bilateral nuclear agreements with several other Latin American countries, could be contributing significantly to nuclear proliferation in the region.

Canada, which unsuccessfully competed for the contract, was unhappy because it felt that the Germans had breached an understanding that they would both insist on strict safeguards. The Canadians felt that the Germans were sidestepping the safeguards issue by inviting Sulzer to take care of the heavy water plant, the most delicate part of the deal.

The West German Cabinet discussed the question of Argentine safeguards on Wednesday and agreed to continue talks with the Buenos Aires Government. Government officials are careful to separate the safeguards issue from the granting of the export licence but it is clear that the two matters have now become closely interwoven.

The Argentinians have declared that they are willing to satisfy the safeguard requirements established by the International Atomic Energy Organisation but are adamant that they will not accept additional requirements.

# Dutch unions in national protest over wage limitation proposal

BY OUR AMSTERDAM CORRESPONDENT

A NATIONAL day of protest called by the Netherlands largest trade union federation yesterday brought strikes in industry, the ports and the building sector and halted trains, trams and buses through much of the country.

The 1.1m-member FNV federation claimed 100,000 people took part in a mass demonstration in the centre of Amsterdam to protest against the Government's plan to control wages.

The FNV said 150,000 of its members went on strike for the whole day while up to 150,000 more took part in short work stoppages or were unable to work because of strike action. It claimed the demonstration in Amsterdam, attended by union members brought by special buses from throughout the country, was the largest ever held i nthe Netherlands. The police, however, put the number of marchers at only 45,000.

The employers' estimates of the impact of the strike were also more modest with the Dutch Employers' Association claiming only 30,000 people or 1 per cent of the working population in the private sector had downed tools.

The union action was aimed at bringing pressure on Parliament which today debates the Government plan to control wages this year. Wage rises will be limited to a gross Fl 26 ($12.60) a month while companies may only increase their total wage bill by 0.75 per cent. Tax concessions will give the lowest-paid workers an extra Fl 100. It is generally believed that MPs will approve the measures.

The Dutch railways were affected for the first time in their history, but the strike was considerably less effective than the unions hoped and local and inter-city trains were generally running without excessive delays.

Provincial bus services in many parts of the country did not run while trams and buses in the big cities remained in the depot. The port of Amsterdam was largely shut down, though Rotterdam was less seriously affected.

Some employers attempted to gain court injunctions ordering the strikers back to work but these were unsuccessful. Hoogovens, the steel producer, said it would seek damages for lost production.

The FNV will now discuss further action with its affiliated unions and this is likely to take the form of exploiting loopholes in the Government's wage legislation. The unions are particularly unhappy at the suspension of the automatic indexation of wages to prices this year.

# Pandolfi may lose IMF policy chairmanship

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE RESIGNATION of Sig. Filippo Maria Pandolfi, the Treasury Minister in Sig. Cossiga's Coalition, threatens to complicate matters for what looks like an important meeting in Hamburg next month of the International Monetary Fund's policy-making interim committee.

Sig. Pandolfi is chairman of the committee and it is customary, though not mandatory, since no formal rules exist for selecting a chairman, that the head of the committee be a sitting finance minister.

Thus, unless Sig. Pandolfi returns in the next month in the same position in any subsequent Italian government, the committee may have to consider choosing a replacement—as it did when its three previous chairmen, Mr. John Turner of Canada, Mr. Willy de Clerq of Belgium, and Mr. Denis Healey of Britain, lost their Cabinet posts.

Equally important is that Sig. Pandolfi has undertaken recently, mostly on his own initiative, a round of international discussions designed to drum up support for the proposed Substitution Account at the IMF—the scheme wereby governments could deposit surplus dollars with the IMF and receive in return interest-bearing claims denominated in special drawing rights.

Although he presumably will be able to report to the Hamburg meeting on progress made in this effort, uncertainty over his own political future may further dislocate the process of forming an international concensus behind the creation of the account.

Already the substitution account has lost one of its principal advocates with the departure from the U.S. Treasury of Mr. Anthony Solomon, shortly to become president of the Federal Reserve Bank of New York. Indeed the recent strength of the dollar has prompted questions here over the extent of the U.S. commitment to the account.

Sig. Pandolfi's role in promoting the account has not been without controversy inside the IMF: some in the institution have taken to referring to him as "an unguided missile" in his negotiations and it has been noted that West Germany, principally in the person of Herr Hans Matthoefer, the Finance Minister, has been discreetly pursuing its own substitution account negotiations.

The Hamburg meeting is also due to discuss other important issues in which the chairman would have been expected to play a significant role. These include the admission of the Palestine Liberation Organisation to observer status at the IMF and World Bank, and the whole question of the People's Republic of China rejoining

# Labour leader takes the stage

BY CHARLES BATCHELOR IN AMSTERDAM

THE GROWING unrest in the normally peaceful Dutch labour scene has thrust to the fore, Mr. Wim Kok, leader of the country's largest union.

The tall, slim, youthful figure of Mr. Kok has come to symbolise the Netherland's progressive labour unions and the climate of reasonable compromise on which much of the country's post-war prosperity has been built. A frequent speaker at international business seminars, fluent in several languages, he has come to represent the modern European union leader, keen for consensus rather than confrontation.


Mr. Kok: more strident tone

Yet, in a matter of months, within the Netherlands at least, Mr. Kok's tone has become strident, his warnings to the government more stern, and demonstrations more frequent.

At the start of his career, Mr. Kok seemed bound for a career in management. After graduating from the Netherland's foremost business school at Nijenrode just outside Amsterdam, he went to work for an international trading company.

Dissatisfied with this job, he moved to the Socialist trade union federation, the NVV, where he worked in its international division, handling relations with unions in neighbouring countries. By the time the Socialist union lined up with the Catholic NKV in 1976, Mr. Kok had become chairman. After the link, which is expected to become a full merger in 1981, he became chairman of the newly created federation, comparable in size with British unions, such as the National Union of General and Municipal Workers. Under the Dutch labour system, the federation co-ordinates policy for a dozen or so unions representing workers in the different sectors of industry, such as transport or the docks.

With 1.1m members, the FNV is now the largest Dutch union

Unlike in the UK, however, the Dutch Labour Party does not depend on the union movement for support or funding and the Dutch unions have not been closely involved in politics. However, the past two years, under the centre-right Government of Prime Minister Dries Van Agt, has seen a growing politicisation of the FNV. Mr. Kok warned recently that the Government's policies have converted union mistrust into outright resistance.

In return for several years of moderation, the unions have seen cherished articles of social reform, such as an excess profit sharing scheme and an extension of works council's powers, watered down.

What has forced the unions into taking a tougher stance, has been the worsening economic position which now threatens to erode established practices, such as the right to automatic indexation of wages to prices.

The union leadership, under Mr. Kok, has been compelled to take an aggressive stance for fear of being out-manoeuvred by individual union activists from the far left. The outbreak of a series of strikes in Rotterdam last autumn reflected the frustrations of many members with the union's moderate policies.

Mr. Kok's current hard line has to a large extent been forced upon him. There is no doubt, though, that government wage controls have, in his eyes, suspended the unions' fundamental right to take part as a full partner in a discussion of economic and social objectives.

Will the attention focused on Mr. Kok by the labour troubles of the past few months establish his reputation as the Dutch counterpart of leading British union figures such as Jack Jones or Arthur Scargill? This seems unlikely. The position held by the unions in the Dutch social framework ultimately reserves greater rewards for men of compromise rather than confrontation.

# Petrol price rise is third in six months

BY OUR ROME STAFF

FOR THE third time in the last six months, the price of petrol and other oil products in Italy was increased yesterday following a decision by the Inter-ministerial Prices Committee, one of the country's main economic decision-making bodies. Top grade petrol now costs L680 a litre (£1.62 per gallon) while diesel costs L309 a litre (74p a gallon).

The latest increases are the result of a recently introduced pricing mechanism whereby oil products in Italy are indexed on international crude prices, variations in the Lira-U.S. dollar exchange rate, and the average price of oil products in Western Europe compared with those in Italy.

This pricing system was approved at the end of last year by the outgoing Government of Sig. Giulio Andreotti to enable Italy to compete more effectively for scarce crude supplies and encourage the oil companies to supply additional crude to the country.

Since the introduction of the new mechanism, together with the gradual easing of Government price controls on oil products, Italy has substantially reduced its estimated shortfall in imports for 1980 by again attracting the major international oil companies to the Italian market.

Sig. Antonio Bisaglia, the Industry Minister, warned last December that Italy risked an overall shortfall this year of some 25m tonnes of crude, of the equivalent of about a quarter of the country's total oil requirements.

But following the introduction of the new pricing method and the modifications in the system of Government price controls, the estimated shortfall has been reduced to barely 3m tonnes. However, this sizeable reduction is also the result of additional direct oil supply deals recently negotiated by the Italian authorities

# Austria puts up discount rate 1.5%

By Paul Lendvai in Vienna

FACED WITH a growing drain on reserves, the Austrian central bank announced yesterday that the discount rate will be raised today by 1½ percentage points to 6¾ per cent, the highest level in the past 25 years. This is the second major increase in two months.

Lombard rate is being raised by a similar amount to 7¾ per cent.

The new rates reflect the growing concern of the Government and the monetary authorities about the drain on rserves. Austria's current account deficit is running at an annual rate of Sch22bn-Sch30bn, which means that it could be 50 per cent higher than last year's Sch18.8bn

Dr. Hannes Androsch, the Finance Minister, said yesterday that the higher discount rate was necessary to defend the exchange rate of the schilling.

Observers here believe other measures may be necessary in the fields of budget and incomes policy to maintain Austria's record of combining steady growth with a relatively low rate of inflation. Above all, budgetary restrictions are regarded as unavoidable.

It is also stressed that there is no scope for the 1-2 per cent increase in real wages advocated by Herr Anton Benya, the union leader.

# Malta pact with Libya disclosed

By Godfrey Grima in Valetta

COMPLETION BY Malta of a "temporary" defence agreement with Libya has been disclosed to Parliament in Valletta by Mr. Dom Mintoff, the Prime Minister. He said the pact would be extended and strengthened when the time was right.

Mr. Mintoff's disclosure came when he was replying to an opposition MP who asked why helicopters given to Malta by Libya were still flying with Libyan markings.

Mr. Mintoff refused to give the MP a detailed answer but said that a temporary agreement had been concluded under which the Libyan Government had pledged all possible aid to strengthen Malta's defences against any eventuality.

# Schmidt overture to Honecker

BY LESLIE COLITT IN BERLIN

WEST GERMANY'S Chancellor, Herr Helmut Schmidt, yesterday called on President Erich Honecker, East Germany's leader, to meet him "as soon as possible" in order to avoid a "confrontation on German soil," resulting from what he called the dangerous world situation.

A planned meeting between Herr Schmidt and Herr Erich Honecker, was postponed only recently because of worsening relations between Moscow and Washington.

Only hours before the Chancellor's state of the nation speech to the Bundestag, Herr Honecker warned that relations between East and West Germany would suffer if Bonn sided with e U.S. return to the Cold War.

Earlier in the week, East Germany said that if West Germany joined a U.S.-led boycott of the Olympic Games in Moscow, this would have "negative consequences" for "relations between the athletes of both German states."

Bonn has indicated that it will advise West German athletes to boycott the summer Olympics if the Soviet Union does not withdraw its troops from Afghanistan by May 24, the date by which national Olympic committees must declare their intentions.

Herr Schmidt referred obliquely to the East German warnings by noting that, in a confrontation "no one would suffer more than the Germans, especially those on the other side." This is seen as a reminder to the East German leadership that the 17m East Germans would be hurt the most if contacts were restricted between East and West Germans.

Although their summit meeting in East Germany was postponed, the two German leaders shortly afterwards spoke by telephone and agreed to go ahead with a number of joint projects to improve West Berlin's road, rail and canal links with West Germany across East German territory. These are to bring East Germany an estimated DM500m (£125m) in payments from Bonn at a time when its economy badly needs hard currency to pay for imported capital goods.

The West German Chancellor told the Bundestag that the European security conference follow-up meeting, planned for Madrid this autumn to discuss implementation of the 1975 Helsinki accords, should go ahead. Several Western governments have expressed doubt that it will achieve much in the current political atmosphere, but the Soviet Union has said the meeting must take place.

# Portugal coalition split over presidential poll

BY JIMMY BURNS IN LISBON

FOR THE first time since it took office two months ago, Portugal's governing coalition has begun to show signs of division on the crucial issue of the candidacy for the presidential elections later this year.

Sr. Carlos Macedo, a leading member of the largest party in the coalition, the Social Democrat party (PSD), has said that he favours a civil candidate and preferably one linked to a party within the alliance. This definition appears to contradict the view expressed last week by the second largest grouping within the coalition, the Christian Democrats (CDS), which specified that the candidate should be a military man with broad popular support, capable of cutting across party lines.

In the opinion of Sr. Macedo, who is president of the PSD's national executive, it is unrealistic to think in terms of a "national" candidate.

He told party militants: "whether we like it or not, Portuguese society today is bipolarised and whoever we pick as a candidate will be opposed automatically by the other side." The choice of a military man could cause serious divisions within the armed forces and have a destabilising effect on Portuguese politics, he said.

Meanwhile, Sr. Francisco Sa Carneiro, the Prime Minister, has again said publicly that there are profound political differences between himself and President Antonio Ramalho Eanes. Speaking on Portuguese television for the first time since winning the general election, Sr. Sa Carneiro said there was "no political solidarity" between the Government, President Eanes, and certain members of the Council of the Revolution.

Sr. Sa Carneiro said the President had made clear that he did not support the ruling Democratic Alliance but wanted an agreement between the Social Democrats and the Socialists, but this was no longer realistic, politically.

The Prime Minister has not yet commented publicly on the possibility that he might offer himself as an alternative presidential candidate, although Sr. Macedo and others within his party appear to be pressing him strongly to do so.

The view emerging within the alliance is that Sr. Sa Carneiro is perhaps the only civilian capable of defeating General Eanes, who still commands wide popularity.

An opinion published recently by Portugal's leading independent weekly "Expresso" showed that 45 per cent of the population still approved of General Eanes as President, against 20 per cent who did not. Some 31 per cent of those interviewed said they were undecided and 4 per cent refused to answer.

President Eanes' four-year term expires next January 14 but the Portuguese constitution specifies that a new President must be elected at least a month before then.

Nevertheless, because of its important influence on Portuguese politics, it is generally assumed here that a list of presidential candidates will almost certainly be decided before the general election which is due at the end of the summer.


President Eanes: division over a challenger.

# Terrorists murder Turkish officer

BY METIN MUNIR IN ANKARA

TERRORISTS have murdered a Turkish lieutenant in the city of Diyarbakir which has a predominantly Kurdish population.

Lieut. Omer Koc was the first officer to be killed by terrorists since the declaration of martial law in December, 1978. He was attached to the investigation department of the martial law headquarters in Diyarbakir, one of 20 provinces under military rule.

The killing which took place on Wednesday night outside the city officers' club, was reported by the authorities yesterday. The murderers fled and have not been identified.

In the past two months terrorists appear to have turned their guns on soldiers and policemen. The authorities say that the terrorists' aim is to demonstrate the vulnerability of the security forces and their own strength.

Meanwhile the Turkish lira was revalued yesterday for the second time this month. Thirteen major currencies, including the pound, lost value against the lira by between 1.2 and 5.5 per cent.

The strengthening of the lira is a consequence of the recovery of the dollar to which the Turkish currency is pegged.

The dollar's recovery confronted the Turkish Central Bank with two choices, neither of which it relishes, a senior official said. The first was to devalue against the dollar. The second was to allow the lira to gain value with the dollar.

The bank did not choose the first alternative because it would create an expectation of further devaluation with negative impact on both exports and invisibles.

A strike by Turkish metalworkers' spread yesterday to 53 sites involving 15,000 workers. The metalworkers' union, one of the biggest in Turkey and a member of the radical trade union confederation is expected to spread the strike to the whole of the metal industry this month. The union, with 35,000 members, has rejected a 100 per cent wage increase

# Phillips cuts Ekofisk estimates

By Our Foreign Staff

PHILLIPS PETROLEUM of Norway has lowered its estimates of both peak oil production rates and oil and gas reserves at its greater Ekofisk area fields in the Norwegian sector of the North Sea.

Following recent development drilling and field performance studies, peak oil production has been down-graded to 500,000-530,000 barrels of oil a day (b/d) to be achieved in 1980 and 1981. Estimates in June last year put the expected peak production rate at 575,000-625,000 b/d in the early 1980s.

Estimates of reserves for the Ekofisk area, including oil and gas already produced, also have been lowered. They are now put at 3.2bn barrels of oil and oil equivalent, down from an estimate of 3.7bn barrels last June.

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# OPEC plan for production cuts to maintain prices

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE ORGANISATION of Petroleum Exporting Countries has agreed in principle on a system whereby price levels would be maintained by production cuts during periods of temporary glut on the market.

This emerges from the text of a report by the OPEC committee on long-term strategy which was completed in London last month. The recomendations contained in it are the nearest that the oil producers have come to adopting a production programme since an abortive experiment in the mid-1960s.

In the past Saudi Arabia has always opposed the principle of a production programme. It now apparently accepts the idea that some kind of co-ordinated measures should be taken to support prices at a basic minimum level decided upon by members.

Proposals made by the committee over which Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, presided will not be implemented before next year. As reported previously they include regular price increases to take account of inflation, exchange rate fluctuations, and—to raise them in real terms—the growth rates of industrialised countries.

The strategy committee's report is to be submitted to an extraordinary OPEC conference involving Finance and Foreign Ministers, as well as chief delegates, provisionally scheduled to be held in Taif, Saudi Arabia, on May 5. Subsequently they are expected to be ratified by an OPEC summit to be held in Baghdad next October marking the 20th anniversary of the oil producers' association.

The report recognises that an increasing imbalance between supplies and demands will ensure a steady rise in prices in the future, but foresees periods of surplus when there will be downward pressure on prices. At such times it recommends that members respond by delaying production.

No system of apportioning cuts bas been evolved. However, the committee believea that countries suffering from any shortfall should be assisted through a special arrangement of funds to provide compensatory financing.

It is suggested that this may take the form of oil-indexed bonds allowing the countries in financial need to get the revenue and defer production.

At the same time OPEC says that production should also be adjusted at times of shortage to prevent prices going too high—with the risk of a consequent fall.

The basic strategy spelt out in the report is that prices should never fall below a basic floor and that in the long-term they should be administered to rise gradually to approximate to the cost of alternative sources of energy. No precise time-frame for attaining the objective is given.

The best method towards fulfilling the aim is to relate increases in real terms to the growth in gross national product of members of the Organisation for Economic Co-operation and Development becauae the rate indicates their ability to absorb price increase and the tendency towards greater consumption.

It is proposed that the inflation index should take account of services as well as merchandise imports and also the domestic rates of inflation in OPEC member countries. The exchange rate adjustments would be made on the basia of the 11 currenciea included in the basket used in 1973 for a short period plus the dollar.

# Malaysia claims big gas find

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA SAYS it bas discovered one of the world's biggest natural gas fields, off the east coast of the Malay Peninsula.


Dr. Mahathir Mobamed, Deputy Prime Minister, said in an interview that the gas field off Trengganu state had reserves far larger than that of central Luconia off the Sarawak coast "and the Sarawak field is already considered to be one of the world's biggest."

The Trengganu discovery was made three years ago by Esso Production Malaysia, a subsidiary of Exxon, but officials from Exxon and Petronas, the Malaysian oil company, have all along been secretive about its reserves.

In confirming the size of the field, Dr. Mahathir did not give precise figures on the reserves, but pointed out that the Sarawak field in east Malaysia is expected to bave a commercial life of 40 years, wbile the Trengganu one would last for at least 70 years.

The Sarawak field was discovered in 1968 by Sbell. Shell has joined Petronas and Mitsubishi to form a joint company, Malaysia LNG, to build a £450m liquid natural gas plant at Bintulu to process the gas.

Last month, Sarawak Sbell signed a £137m loan with 15 banks to finance the construction of undersea pipes and facilities to bring the gas to Bintulu.

Malaysia LNG has also signed an agreement with three Japanese utilities companies to supply liquid natural gas at the rate of 6m tonnes annually for 20 years starting in 1983.

Dr. Mabatbir said the Government and Esso bave not decided wbat to do with the Trengganu gas, but said it would be used as a base for a petro-chemical complex to be developed in Trengganu, which is one of Malaysia's poorest states.

Projects, other than petrochemicals being considered which would use gas as energy include a power station, an aluminium smelter and a steel mill.

Part of the problem would be the pricing of the gas. While the Malayslan Government is prepared to provide cheap gas to attract industries, Esso is interested in 'getting market prices.

Apart from its buge gas reserves, Malaysia is also a net oil exporter, with daily production of 317,000 barrels and consumption of 125,000 harrels.

# Begin will resist U.S. pressure on settlements

By David Lennon in Tel Aviv

ISRAEL'S Prime Minister, Mr. Menahem Begin, will resist U.S. pressure to amend his policy on Palestinian autonomy and to stop building Jewish settlements on the West Bank, when he meets President Carter in Washington next month.

Israeli officials, who were a bit surprised by the President's invitation, accept that Mr. Carter will apply pressure to Mr. Begin for greater flexibility on Palestinian autonomy in an effort to break the stalemate in the negotiations which are due to be concluded by May 26.

But the Israeli leader bas already made it clear that he intends to stand firm despite the fact that the U.S. view of Palestinian antonomy is closer to the Egyptian position than to the Israeli interpretation.

Mr. Begin will tell President Carter that by accepting the Egyptian model for autonomy, which would include a legislative council for the West Bank and Gaza Strip, Israel would be acquiescing in the creation of a Palestinian state, which Mr. Begin rejects totally.

Israeli officials believe that Mr. Carter will be limited in the amount of pressure he can apply to the Israeli leader during an American election campaign in which the President would like to win as many Jewish votes as possible.

Meanwhile the Israeli settlement programme is continuing despite criticism. Only yesterday it was revealed that Israel had fenced off another 100 acres beside Bethlehem for the building of the new Efrat settlement. Earlier Israel seized 500 acres of Arab land for Efrat.

Ihsan Hijazi in Beirut reports: Syria has informed the Palestine Liberation Organisation that Syrian forces bave completed preparations to withstand any reprisals which Israel may launch in retaliation for guerrilla attacks, according to Palestinians in the Lebanese capital.

They were unable to confirm reports from Damascus that President Hafez al-Assad had offered to allow the guerrillas to mount cross-border operations against Israel from the Golan Heights front.

But they pointed out that the fact Damascus bad let the news about the reported offer surface now could mean that the Syrian Government was thinking seriously about opening up its front to Palestinian guerrillas.

# Tanzania pleads for food aid

BY MARK WEBSTER

ONE YEAR after a costly war with Uganda, Tanzania is facing its most serious economic crisis since independence. Cangbt between declining export receipts and soaring oil prices, the Dar es Salaam Government is desperately trying to close its yawning balance of paymeots gap. Now bad rains bave forced President Jnlius Nyerere to make an urgent appeal for food aid to avoid a famine later this year.

As a measure of how hadly the country needs help, President Nyerere is thought to be considering reopening negotiations with the International Monetary Fund. Talks were broken off four months ago when the President accused the fund of trying to force him to abandon bis Socialist policies. Talks have not yet started again but Tanzania is said to bave altered its ground a little to clear the way for more discussions.

The IMF proposed a painful prescription for immense problems. Tanzania will have a projected balance of payments deficit of £202m for 1979/80 followiog a deficit for 1978/79 of £110m. Foreign exchange reserves have been virtually wiped out sinee the war which cost the country £238m of which £178.5m was in hard currency. Inflation bas been running at 25 to 30 per cent although official figures put it mucb lower.

The IMF demanded a devaluation, a cut in Government spending of £28.5m over three years and measures to encourage dwindling agricultural exports. Government spending has been growing at twice the rate of gross national product. Production of all the major export crops—coffee, cotton, sisal, pyrethrum and cashew nuts—bave declined because of supply and delivery bottlenecks and poor rains. At the same time, oil now swallows nearly half the country's export income.

But the President has fought cuts in public sector apending saying they are bound to hit the poor hardest of all. He says that already imports have been ruthlessly slasbed and many factories are on short time or have closed because of raw materials shortages.

President Nyerere: new approach to IMF

Tbe consumer also suffers from shortages. Flour, rice, sugar and cooking oil are virtually unobtainable except on the black market.

The World Bank has offered some light in Tanzania's economic darkness. The bank, which is already the country's biggest aid donor, has offcred an unusual facility called a structural readjustment loan. The deal should be signed in September and unlike previous World Bank schemes it will not he tied to particular projects. Instead, Tanzania will receive $50m a year for the next five years in long-term interest-free loans in addition to tbe £65m a year it already gets for projects from the hank.

Other donors have been less generous. Tanzania already receives around $600m a year in foreign aid making it one of the highest per capila aid recipients in Africa. But an appeal for more aid by President Nyerere in mid-1979, when Tanzania was reeling from the war to oust Idi Amin from Uganda, brought virtually no response.

One reason for hesitation by aid donors is that Tanzanian troops are still based inside Uganda and open support might attract the ire of other African countries which condemned Tanzania's actions.

# Ayatollah denounces poll critics

BY SIMON HENDERSON IN TEHRAN

AYATOLLAH KHOMEINI virtually ruled out any re-run of Iran's disputed parliamentary elections yesterday when be announced that they had been held peacefully and "in a good manner."

In a message to mark the beginning of the Persian new year the Iranian leader said complaints about the elections would be investigated but making a fuss about them was against Islam.

The remarks will have a damaging impact on the political interests of President Abol Hassan Bani-Sadr who has declared that where rigging is proved, new elections will he ordered.

Intentionally or otherwise, the Ayatollah's comments will help the Islamic Republican Party which is opposed to the President. Tbe party won most seats in the first round of elections a week ago and has been accused of the most malpractice.

The IRP, which is dominated by hard-line clergy, is insisting on the return of the Shah before the 50 U.S. hostages in the Tehran embassy are released. Mr. Bani-Sadr bas tried to separate the issues.

Political life bas come to a balt for the five-day new year holiday and no more election results are expected before next week. About 180 of 270 constituencies bave been declared so far, but in only about 75 bave the winning candidates received the necessary 50 per cent majority. A second round is dne early next month.

# Sharp fall in Indian reserves

BY K. K. SHARMA IN NEW DELHI

INDIA'S foreign exchange reserves have fallen for the first time in more than four years. At the end of February, they stood at Rs 52.41bn (£2.9hn) which is Rs 540m less than at the beginning of the financial year in April 1979.

The reserves rose by Rs 18.93bn in 1977-78 and by Rs 7.95bn in 1978-79, thus offering the Government a cushion. The Tbe much-feared decline bas now set in and indications are that by the end of the financial year on March 31, there will be a sharp drop.

The main reason for the decline is a larger trade deficit as a result of slow growth in exports combined with a heavy increase in imports owing to large purchases of crude oil, petroleum products, edible oil and cement. The prices of all these items bave increased in International markets.

There has been a trade gap for the last few years but this was more than covered by the increase in foreign exchange reserves due to earnings from invisibles. These are mainly remittances from Indians working abroad.

The remittances are now falling from an average of around Rs 1.5bn a month. Indian workers are finding it more difficult to secure jobs in Arab countries because of restrictions imposed on them and many workers are being sent home. Interest rates offered by banks abroad are higber than in India so some expatriate Indians now prefer to keep their funds abroad rather than remit them.

# Binaisa to call early elections

By John Worrall in Nairobi

PRESIDENT Godfrey Binaisa has agreed to bring forward to October or November this year the date of elections in Uganda originally promised for June, 1981.

Tbey will be the first elections held in Uganda since the presidency of Dr. Milton Obote, who was ousted by Idi Amin in 1971.

The only authorised party in Uganda at present is the Uganda National Liberation Front, but Dr. Obote, who is in Tanzania, has said he will return to fight elections when they are called.

A powerful group in Uganda supports Obote. But the influential leaders of the Baganda tribe are bitterly opposed to Obote and will undoubtedly form their own party either round Professor Yusufu Lule, who was President for a brief period after Amin, or round President Binaisa.

In the latest outbreak of political violence a leading politician, Mr. Gaster Nsubuga, who supported Mr. Lule, was murdered in hospital this week while undergoing treatment after an earlier attempt on his life.

# AMERICAN NEWS

## McHenry 'wanted to resign'

BY RICHARD JOHNS, MIDDLE EAST EDITOR

MR. DONALD McHENRY, U.S. Ambassador to the UN, tendered his resignation following President Jimmy Carter's disavowal two-and-a-half weeks ago of the U.S. vote in the Security Council condemning Israeli settlements.

But he was strenuously dissuaded from quitting by strong appeals from Mr. Cyrus Vance, according to an informant close to the Secretary of State.

He pleaded that Mr. Carter could not afford a repeat of the affair arising from the resignation of Mr. Andrew Young, Mr. McHenry's predecessor at the UN who is also black. Mr. Carter's image, already damaged by the "error" over the vote, would be further tarnished at a critical stage in the presidential election process. Having alienated the Jewish vote, Mr. Carter would risk losing a large part of the numerically much greater coloured one.

One hitherto unpublicised factor behind Mr. Carter's volte-face is understood to have been a pledge made to Mr. Menahem Begin, Israeli Prime Minister, at Camp David in 1978 that the administration would refrain from public reference to the future of Jerusalem

## Vance attempts to silence Senate critics of UN vote

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. CYRUS VANCE, U.S. Secretary of State, told a Senate committee yesterday that U.S. policy towards Israeli settlements on occupied Arab land and the status of Jerusalem was essentially unchanged. It would therefore be unhelpful to rake the Administration over the coals for its recent "erroneous" vote in the United Nations at this delicate juncture in the Palestinian autonomy talks.

The White House announced this week that Mr. Menahem Begin, Israeli Prime Minister, and President Anwar Sadat of Egypt would make separate visits to the U.S. next month, in a new bid by President Jimmy Carter to break the deadlock on key issues in the Camp David accords, which aim to set up a self-governing authority for Palestinians living in Israeli-occupied Gaza and the West Bank. Mr. Sol Linowitz, the U.S. mediator in the negotiations, is to leave today for the Middle East to pave the way for the April visits.

The Senate Foreign Relations Committee yesterday began, in relatively mild mood, its hearing on the Administration's behaviour over a UN Security Council resolution condemning Israel's practice of allowing Jewish settlements on West Bank Arab land. On March 1, the U.S. voted for the resolution, which was thus carried unanimously in the council, but two days later President Carter disavowed the vote, saying his wishes had been misunderstood by the State Department.

Senator Frank Church, the committee chairman, said the Senate hearing should not concentrate on the details of how the "mistake" came about, but on assessing the damage done to our national credibility. He, for one, accepted Mr. Vance's responsibility for the affair, but clashed with the Secretary of State on the latter's refusal to let Mr. Donald McHenry, the U.S. envoy to the UN, and Mr. Harold Saunders, the State Department's top Middle East expert, appear before the committee.

The U.S. still opposed the expansion of Jewish settlements on Arab land, Mr. Vance said, but explaining the disavowal of the U.S. vote, stressed that the Administration had realised it was unhelpful for the autonomy talks to have the delicate issue of Jerusalem raised in a Security Council resolution.

## Settlement of IH strike delayed

BY STEWART FLEMING IN NEW YORK

EFFORTS towards ending a four-month strike at International Harvester, the Midwest agricultural equipment and commercial manufacturer, have again run into difficulty after agreement on several major issues.

Officials would not disclose yesterday what the remaining obstacles were but it seems that the two sides are close to a settlement. The strike has already led International Harvester to report a $222m loss in the first quarter of its financial year and has raised fears that the company is facing the prospect of a loss for the year.

A spokesman for the United Autoworkers' Union said in Detroit yesterday that although central talks between the union and the company had been adjourned, local bargaining at plants was continuing.

He added that all the major issues including pay and pensions, had been clear up tentatively. It is understood that the question of the company's demand for some erosion of the principle of voluntary overtime has also been resolved.

Ian Hargreaves adds: An 11-week strike by 60,000 oil refinery workers in the U.S. looks like dragging on after an unexpected setback in negotiations.

It had been thought earlier this week that a settlement betwen Gulf Oil and the Oil, Chemical and Atomic Workers' Union would set a pattern for the whole industry. But the union now says that offers from other companies are falling short of the Gulf terms and have been rejected.

## Mobil loses challenge on state taxation

By Our Washington Staff

THE U.S. Supreme Court has ruled that a state may levy taxes on the foreign dividend income of a corporation doing business in that state.

In a six-to-one vote, the court threw out a constitutional challenge launched by Mobil, the oil company, against the state of Vermont. The state had been trying to tax Mobil on a wider basis than the company's earnings in the state.

The Mobil-Vermont case has long been considered one of legal significance because it addresses the highly controversial area of the extent to which states may tax international corporations.

In a sense, the arguments reflected in the case are similar to those which have raged over the last three years over the Anglo-American double-taxation treaty, in which the principal British complaint has been the practice of a handful of American states to levy taxes on a so-called "unitary" basis, taking into account a corporation's world-wide income.

However, it is impossible yet to determine the practical effect of the Mobil-Vermont ruling. This is because the court's verdict was far from sweeping. It merely upheld, in essence, that Vermont could apply its own tax formula on a corporation, but it passed no specific judgment on whether the formula Vermont used was proper.

Therefore, the way is presumably open for corporations to challenge on a case-by-case basis the formula a state does use. In this area, there is no such thing a a norm. Some states use unitary taxation, others tax income from foreign sources where the corporation is only a minority shareholder, others where the corporation is a majority shareholder, and some levy no taxes on foreign income at all.

## Industry angry over steel import trigger pricing

BY IAN HARGREAVES IN NEW YORK

THE U.S. steel industry reacted with dismay and anger yesterday at the decision by the Carter Administration to freeze its minimum prices on imported steel in the second quarter of the year.

Mr. Lewis Foy, chairman of the American Iron and Steel Institute and head of Bethlehem Steel, the industry's second largest company behind U.S. Steel, said he was "distressed" by the decision to freeze the so-called trigger price.

He also argued that there was "nothing inconsistent" in maintaining the trigger price system while the Administration investigated anti-dumping petitions.

Mr. John Greenwald, deputy assistant Secretary of Commerce, said the trigger mechanism would be suspended quickly if "major suits" were field. He refused to define major.

Last year, imports totalled 17.5h tons or 15.2 per cent of the U.S. steel market, down from 18.1 per cent in 1978.

U.S. Steel has also run into problems in closing down its Youngstown, Ohio, steel plant as part of a retrenchment programme announced at the end of last year which resulted in a $52 (£257m) loss in the final quarter.

Employees at the plant have succeeded in temporarily blocking the closure through the courts until a ruling is made on whether the company broke a verbal promise to workers that the mills would be kept open so long as they were profitable. It is argued that the mills were profitable last year.

# WORLD TRADE NEWS

## GATT aims to lower technical barriers

By Brij Khindaria in Geneva

ONE OF the Tokyo Round's main achievements designed to speed up trade particularly among industrialised countries is the code on technical barriers.

The code does not try to remove all such barriers but only to abolish unnecessary ones. Examples of such barriers are new technical regulations, quality standards, testing and certification methods and similar practices which, although aimed at removing malpractices, can hinder imports if local standards are used to disqualify foreign-made goods from entering domestic markets.

The demand for this code came from the U.S. and the Common Market while exporters have long complained that Japan uses technical rules and testing practices as ways to keep out imports.

While the code does lay down certain guidelines to detect such abuse of a nation's otherwise legitimate right to enforce technical standards, it will, by no means, be the lever to throw Japanese doors wide open to imports. It can only serve to make the opening a little wider.

The code leaves the job of proclaiming world standards and quality norms to various specialised bodies, such as the International Standards Organisation. But it urges signatory countries to take account of such international efforts and of standards used in other major countries in drawing up domestic rules.

There is no binding obligation to enforce obedience to the code. National governments are asked to make "a best endeavour" to make local, state and regional authorities apply the code's provisions.

The code's long-term aim is to encourage harmonisation of technical standards used by various countries. Its immediate requirement is that each government should provide full information about any technical standards and other practices which significantly affect international trade to any foreign exporter.

A serious complaint brought against Japan in the past has been that information was provided reluctantly, was given too late and was often incomplete. The experience of European car exporters has been, for example, that Japanese rules on anti-pollution requirements and testing methods became barriers to exports because information provided did not give enough detail about actual practices.

Another important provision of the code requires that domestic goods be subjected to tests as tough as those laid down for imports.

## UAW opposes Carter car decision

WASHINGTON — Mr. Douglas Fraser, president of the United Auto Workers union (UAW), said that the Carter Administration's opposition to any type of auto import restrictions reduces the chances that major Japanese companies will invest in U.S. manufacturing operations.

Testifying before the joint House of Representatives Senate Economic Committee, Mr. Fraser said "I was rather astounded" by the position taken by Carter Administration officials at an earlier congressional hearing, where Mr. Rubin Askew, the U.S. Trade Negotiator, said the White House was opposed to import restrictions on Japanese-made cars.

"They gave away the store," Mr. Fraser said, during the follow-up hearing before the House-Senate Committee.

The UAW president, who, along with some members of Congress, has been trying to pressure Toyota and Nissan into making U.S. manufacturing investments, said that, "there is now less chance" that these companies would do so.

Earlier the Committee heard testimony from Mr. Yasuhiko Suzuki, a vice-president of Nissan's U.S. affiliate, who said that his company feels that investments in U.S. manufacturing facilitiea at this time would be "extremely risky," in view of U.S. car makers increasingly shifting to smaller fuel-efficient cars.

He said that Honda, which has decided to build a $200m car facility in Ohio, has its own reason for doing so. It "suffers from a lack of production capacity in the home country," and the U.S. is a major market for Honda cars.

Mr. Suzuki said his company hoped to make a decision within three months on whether to build a U.S. production plant.

Senator Lloyd Bentsen, committee chairman, praised the German automaker, Volkswagen, and Honda, for deciding to build plants in the U.S.

His closing statement noted that the Japanese Government requires that U.S. aircraft manufacturers wishing to sell to Japan must build a certain percentage of each aircraft in that country.

Meanwhile in New York, Nissan Motors said it would probably ship to the U.S. as many cars in 1980 as last year.

Mr. Mitsuya Goto, deputy general manager of Nissan's international division told the Japan Society that Nissan shipped 0.5m cars and trucks to the U.S. last year and that shipments in January and February were up compared with last year.

Mr. Goto said Nissan promised the UAW that it would be "very prudent in its export policy."
Agencies

## HK attacks UK textile curbs

BY RHYS DAVID

HONG KONG yesterday launched a strong attack on Britain's textile import restrains which it claimed was benefiting the advanced industrial countries at the expense of the developing world and the consumer.

The colony, which was obliged to accept cuts in its import quotas for certain sensitive products under the last round of the GATT multifibre arrangement (MFA) negotiated in 1977, claims that this has not resulted in more room for small suppliers and newcomers as was intended.

Instead, Hong Kong's share of the UK market has fallen from 16 to 13 per cent, that of developing countries as a whole has gone down from 33 to 31 per cent while the EEC has increased its proportion from 37 to 42 per cent.

Mr. Bill Dorward, Hong Kong director of trade, Industry and Customs, said in London yesterday that the UK industry's problem was that it was not competitive even with countries with much higher wage rates than the UK.

The criticism by Hong Kong of the present arrangements is intended in part to counter the strong pressure by the UK industry for even tighter restraints on imports to be included in the next round of the MFA starting in 1982.

The argument now being put forward by Hong Kong is that UK manufacturers were unable last year to keep pace with the rise in home demand and that because of the limitations on low-cost imports, this inevitably meant increased supplies from non-controlled sources.

## Dutch chemical exports increase

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH CHEMICAL exports rose strongly in both value and volume last year, outpacing the increase recorded in industry as a whole.

Exports, which account for more than 80 per cent of the chemical industry's sales, increased by 29 per cent to Fl 20.7bn (£4.5bn). Imports rose by 28 per cent to Fl 11.5bn, according to Dutch Central Statistics Office figures.

These rates are nearly double those achieved by industry as a whole, where exports rose by 18 per cent to Fl 127.6bn, while imports also rose 18 per cent to Fl 114.4bn.

Chemical exports rose about 10 per cent by volume last year, with price rises accounting for two-thirds of the increase by value.

The most expansive sectors were organic chemical products where exports rose 55 per cent to Fl 7.6bn, and plastics, where they rose 30 per cent to Fl 5.9bn.

The statistics office figures are based on the standard international trade classification which differs from the Dutch chemical industry's method of calculating sales, the industry's association (VNCI) said. The VNCI method uses a broader definition of chemical products, so its own import and export figures, due shortly, will be higher.

Production levels in the chemical industry rose 7.6 per cent last year against 4 per cent in 1978. This was faster than the actual growth in the use of chemicals and reflected stock-piling by the plastics processing industry and others.

## Indonesia to step up refining

By Richard Cowper in Jakarta

INDONESIA, the world's tenth largest exporter of crude oil, is planning this year to embark on a major expansion of its refining capacity. Although details of the projects have still to be finalised, experts say that Indonesia intends to add around 400,000 barrels a day capacity to State-owned oil refineries at Balikpapan in East Kalimantan and Cilicap in East Java involving an investment of around $1.6bn.

These proposals come just after Hebrides Enterprises, a newly-formed Spanish-Taiwanese consortium won the contract to build a long-awaited extension to the central Sumatran Dumai oil refinery at a cost of some $800m.

Though Indonesia exports around 1m barrels of oil a day, it refines little of its own crude and much of its refinery capacity is extremely out-dated. The country's bill for refined products and lighter Middle East crude is expected to reach $4.3bn this financial year—over 40 per cent of the country's gross oil revenues. Indonesia's economic planners now consider refinery expansion to be a matter of the utmost uregncy.

Financing for the new expansion, which will add capacity of 200,000 barrels a day to the Cilacap refinery and a similar amount at Balikpapan, is likely to be organised by the Indonesian Government.

The Indonesian Government is expected to provide part of the capital for the Balikpapan and Cilacap expansions and seek commercial loans for the balance. A number of U.S. companies including UAP, which won the design contract for Dumai, Fluor, which built the original Cilacap refinery, and Bechtel, are all expected to tender for the projects.

## Fraser, Muldoon seek closer ties

BY PATRICIA NEWBY IN CANBERRA

THE PRIME MINISTERS of Australia and New Zealand meet today in Wellington to discuss closer economic co-operation between their two countries.

The meeting should test the political will of the two leaders to move towards a more liberal trading relationship to replace the 1966 New Zealand-Australia Free Trade Agreement (NAFTA).

Before he left Australia, Mr. Malcolm Fraser said the talks would set the direction for future work rather than produce hard and fast decisions. They follow informal talks between Mr. Fraser and Mr. Robert Muldoon at the Commonwealth Heads of Government meeting in Lusaka last year and various discussions since then between officials of both Governments.

In spite of the words "free trade," NAFTA is generally considered by politicians and bureaucrats on both sides of the Tasman Sea to be restrictive rather than liberal.

Section A of NAFTA lists goods which are, or are moving towards, being duty-free and about two-thirds of Trans-Tasman trade is in fact duty-free. But adding to Schedule A is difficult because an item cannot be added if a company in either country objects.

At Government and bureaucratic level there is recognition that there could be mutual benefits in liberalising trade in manufactured goods to take advantage of New Zealand's lower labour costs and Australia's economies of scale.

At industry level, however, it is not so simple as both countries fear competition.

The two Prime Ministers are expected to affirm their desire for progressive liberalisation of trade while emphasising that change will need to be gradual.

Total trade last year between the two countries was worth A$ 1.2bn (£600m), the balance being in Australia's favour two to one.

### HAZARDS FOR THE EXPATRIATE WESTERNER

## 'Playing the game' in Middle East markets

BY STEPHANIE GRAY

ABOUT HALF the number of Britons lured to the Middle East by promises of high, tax-free incomes break their contracts and return early, incurring, instead, expensive tax penalties. This was disclosed by Mr. Harry Brown, who was chairing a London Chamber of Commerce and Industry seminar entitled Hazards for the Westerner in today's Middle East and North Africa.

In terms of unfulfilled career objectives and unsatisfactorily completed contracts, he said, the "failure rate" would be much higher. The cost of setting up an average company representative and his family in, for instance, Riyadh, can be as high as £45,000 to £55,000 a year. Loss of goodwill, particularly when an unsuccessful pattern of representation is repeated, can be even more expensive for UK companies in terms of lost contacts or consultants needed for the introductions so crucial to most Middle East business.

It was through indiscreet payment of legal or otherwise accepted commissions to such contacts that some executives found themselves at odds with the Sharia — religious and national law which could lead to instant dismissal by some Islamic States.

Because of the particular difficulties of operating in Saudi Arabia and Iraq, the conference concentrated on these countries rather than the more liberal Islamic States.

Life sentences meted out to two British businessmen in the past year, one on charges of attempted bribery, the other bribery and economic espionage, underscored the advice offered to delegates.

Rewards for the British in the Middle East can be high. Iraq has also recently become more accessible. British companies returned from the Baghdad Trade Fair last October with orders expected to be worth more than £25m. The Iraqis had lifted their embargo on UK contracts only three months before and the orders followed a concerted effort to restore a previously fruitful market.

As Saudi Arabia moves away from the big infrastructure projects of the last few years toward housing and agriculture, smaller British concerns may find the prospects more tempting but, as Mr. Brown, who is a director of Expatriate Financial Advisers, warned: "If you don't want to play the game their way, don't play on their pitch."

With cultural differences so vast, Major Bernard Butler, a teacher of Arabic and adviser on Islam, emphasised the advantages of knowing, apart from the most elementary Arabic, what not to say.

There were, he said, advantages in the Sharia, among them banking practices whereby banks lend businessmen money without charging interest, and will take part of their losses as readily as they will part of their profits.

Major Butler said that in some Arab states, up to 77 per cent of the workers were expatriates. Because local people's housing, electricity and other service needs had been pre-empted by those of the expatriate community, British businessmen could not expect too enthusiastic a welcome.

To a delegate's suggestion of hypocrisy among Moslems who took commissions, he replied that a Moslem's faith need not mean he was a saint. A "consultant" provided services and could take fees. If the fee was against the Sharia and in some cases illegal, he could salve his conscience with the knowledge that he must also adhere to the essential Islamic principal of ensuring that his family is well provided for. He would in any case be paid less than the expatriot.

A Rio Tinto representative claimed that some Middle Eastern dealings which appeared to so alarm some delegates were not so different from those in Britain.

Mr. Gerald Brown, overseas director for the Mervyn Hughes group, commented that with the absence of alcohol and other distractions Westerners tended to become workaholics. Extra pressures on executives, such as training multinational staff and the frustration of long waits for often unkept appointments made such virtues as patience, tolerance, tact, determination and most of all a sense of humour, invaluable.

## Peruvians preparing to elect first civilian government for 17 years

BY DOREEN GILLESPIE IN LIMA

SOME 6.5m Peruvians are preparing to go to the polls on May 18 to elect a President and Congress after 12 years of military rule. The elections will be the first in 17 years, except for those held two years ago to elect a 100-strong assembly to rewrite Peru's constitution.

With 15 candidates in the presidential race, the outcome is uncertain. No one is likely to obtain the 36 per cent of valid votes needed. The President will probably have to be elected by a congress representing so many parties that a decision will be difficult. This is worrying everybody, including the military Government.

The main candidates, who have shied away from forming pre-election coalitions, say they will join forces afterwards to ensure a strong civilian government, rather than leave the door open again for the armed forces. Since the campaign started, however, inter-party squabbling has been intense.

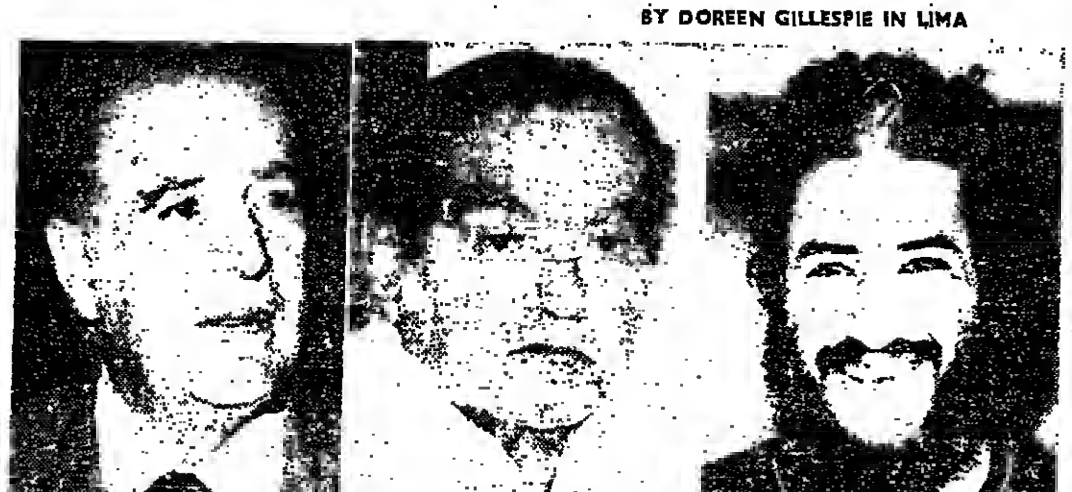
Some businessmen say they would rather the armed forces stayed in power than have elections rock the boat just as business is picking up after a four-year recession.

But most Peruvians, who had to live with inflation of 64 per cent last year, and blame the armed forces for their ills, want a government which will bring more jobs, higher pay, and lower prices.

Voting is compulsory for all literate citizens between 18 and 60. Voters this year, however, will include two unknown quantities: 800,000 illiterates who have been given the right to vote in a general election for the first time this century, and the estimated 50,000 Peruvians living abroad.

Peru's total population is around 17m, of whom approximately a third are Andean and jungle natives living in isolated areas. The total number of illiterates of voting age is estimated at 2m, but voting is not compulsory for them and many have not registered.

There are four main forces in the elections: the strongly organised Alianza Popular Revolucionaria Americana (APRA), Accion Popular, and Partido Popular Cristiano parties, and the left, which is badly splintered.



Three former exiles who are standing for the Presidency: Sr. Fernando Belaunde, left, Sr. Armando Villanueva, centre, and Sr. Hugo Blanco, right.

Leading the opinion polls is Sr. Armando Villanueva, 64, the APRA party leader, an aggressive one-time salesman who has stuck to APRA through its years of persecution. APRA itself is a centre grouping with no very clear ideology, apart from some ill-defined populism.

Sr. Villanueva boasts of seven years in prison, seven in exile, and seven in hiding. One weapon used against him by opponents is that his wife was born in Chile, to which Peru still begrudges its losses in the War of the Pacific in 1879.

Sr. Villanueva's closest competitor in the opinion polls is Sr. Fernando Belaunde, 67. He is an architect who was elected President in 1963 as head of the Accion Popular, but was ousted in 1968 by the armed forces.

Considered an idealist—he earned his living in exile in the U.S. as a college professor—Sr. Belaunde still draws large crowds to his rallies. He is offering to create a million jobs in his first year of presidency and to provide food stamps for the very poor. His stance is also somewhat ill-defined politically.

Third in line is Sr. Luis Bedoya, 61, mayor of Lima during Sr. Belaunde's regime. Sr. Bedoya is generally considered right-wing, although he claims not to be. His Partido Popular Christiano's strategy is based on a firm defence of private property and individual initiative, and attracts much of the middle-class vote.

The biggest vote-getter among the radical left, although he trails the main candidates in the polls, is Sr. Hugo Blanco, 45, the Trotskyite ex-guerrilla whose burly bearded figure draws crowds both in rural areas and in Lima's shanty towns.

Sr. Blanco urges replacing the armed forces with a people's militia, as well as non-payment of Peru's $8bn foreign debt. He has also spent some 15 years in exile and prison.

The remaining candidates include Sr. Genaro Ledesma, 48, a lawyer with strong union connections, Sr. Horacio Zeballos, 46, leader of the strong Maoist-oriented Teachers' Union, and two retired generals who were powerful in the radical Government of Gen. Juan Velasco, which came to power in 1968.

Despite rumblings from some army sectors, which have apparently discussed calling off the elections, Gen. Francisco Morales Bermudez's military Government has stuck to the schedule it set itself three years ago.

The constituent assembly was elected in June, 1978; presidential elections were proclaimed in 1979; and most presidential and congressional candidates were registered by the February 28 deadline.

The Government has also re-ordered the finances of the country, near bankruptcy two years ago. Export revenues are soaring—largely because of high prices for metals—leading to a $1.4bn trade surplus last year.

Peru has also pre-paid some of its debt, and by and large has complied with targets the International Monetary Fund set when it gave Peru a stand-by credit in 1978.

The cost of that was severe recession, and the Government has yet to curb inflation or reduce unemployment, intensified this year by drought in the rice and sugar-growing areas.

The gross national product has grown, however, mainly because of more investment in mining and fish canning. Sr. Javier Silva Ruete, the Economy Minister, is talking of 6 per cent growth this year, up from 4 per cent in 1979. Only a couple of years ago, GNP was contracting.

In the military Government's remaining five months, it is reinstating some of the price controls lifted a few years ago. It has also launched a $15m programme to promote labour-intensive work.

Politicians say this is unlikely to have much immediate impact, but may help the incoming Government—of whichever political grouping—when it takes power on July 28.

# British shipbuilding falls below French

BY LYNTON McLAIN

FRANCE overtook Britain in the world league of shipbuilding nations for merchant tonnage completed last year.

Britain fell from third to fourth place in Lloyd's Register of Shipping annual table, published today. France, which was not even in the top 10 in 1978, now ranks third.

The change reflects its success in marketing its specialised capabilities in liquefied gas and chemical carriers. France built seven of these last year and is second in the world after Japan. Britain built none.

British Shipbuilders last delivered a liquefied gas carrier in 1978, from the Robb Caledon yard at Dundee. But the state corporation said last night it was making efforts to claim a share of the world market. Last year 82 of these vessels totalling 1.1m tons gross were delivered.

The U.S. was also more successful than Britain, building five liquefied gas and chemical carriers with a total of 387,659 tons gross.

This contributed to the U.S. rise from fourth to second place in the shipbuilding league.

Japan was again the most successful shipbuilder with a third of the world market. It built 49 liquefied gas and chemical carriers.

MERCHANT SHIP COMPLETIONS (tons gross)

| | 1979 | 1978 | Percentage of world total 1979 |
|---|---|---|---|
| Japan | 4,696,996 | 6,307,155 | 32.87 |
| U.S. | 1,352,370 | 1,033,142 | 9.46 |
| France | 719,863 | 439,940 | 5.04 |
| UK | 691,404 | 1,133,331 | 4.84 |
| Brazil | 665,442 | 441,821 | 4.66 |
| Spain | 630,199 | 821,111 | 4.41 |
| S. Korea | 495,219 | 604,286 | 3.47 |
| Poland | 461,902 | 702,182 | 3.23 |
| Sweden | 459,644 | 1,407,017 | 3.22 |
| W. Germany | 437,286 | 844,530 | 3.06 |
| E. Germany | 381,320 | 409,727 | 2.67 |
| Norway | 364,073 | 325,484 | 2.55 |
| USSR* | 433,375 | 528,084 | 3.03 |
| World total | 14,289,369 | 18,194,120 | |

* Information incomplete

Source: Lloyd's Register of Shipping, March, 1980

Despite continued market buoyancy for these special carriers, world merchant tonnage completed fell by more than 21 per cent to 14.8m tons gross—the lowest for 13 years.

However, Britain completed 26 general cargo vessels, totalling 209,454 tons gross compared with France's two at a tenth of the UK tonnage. The U.S. built one general cargo vessel.

Britain also built five bulk carriers, compared with three in the U.S. and none in France.

But the rate of decline in completions slowed compared with 1978, when finished merchant ships dropped by a third compared with 1977.

# Revised figures give evidence of minor investment boom

BY DAVID MARSH

A LARGE upward revision of figures for capital spending by industry in 1979 has provided new evidence of a minor investment boom last year, particularly in the services sector.

At the same time, the Department of Industry has revised downwards its estimate of the fall in manufacturers' stocks at the end of last year. Industry's finalised goods stocks are still quite high, but companies have started to trim stocks of materials and fuel, in preparation for the expected recession, earlier than had been thought.

The department now estimates that capital spending last year by the manufacturing, distributive and service industries (excluding shipping) rose 6 per cent from 1978 to £9.04bn at constant 1975 prices. This total is £100m more than the figure issued last month, when the rise over 1978 was estimated at only 4 per cent.

Almost all the revision affects the buoyant distributive and services sector, where investment is now given as £5.20bn, 10 per cent more than 1978, against the earlier estimate of 8 per cent growth. The upward revision was concentrated on the figures for second and third quarter spending.

Capital spending by manufacturing industry last year was £3.84bn, a slight fall from the 1978 figure of £3.85bn, and yesterday's figures confirmed that fourth quarter investment in this sector fell by a seasonally adjusted 3½ per cent from the previous three months.

The figures show that manufacturers' stocks fell by £90m, seasonally adjusted, in the fourth quarter, £50m more than was earlier estimated.

This was the first fall in manufacturers' stocks since the second quarter of 1976, and was due largely to a drop in stocks of materials and fuel. These fell by £110m and work in progress by £60m, while stocks of finished goods rose by about £80m.

Retailers' stocks rose by £181m during the fourth quarter, unchanged from the previous estimate. The large amount of unsold goods built up at retailing companies last year spurred many of them to make more strenuous efforts than normal to boost turnover during extended New Year sales.

# Bid for Chunnel contract

BY LYNTON McLAIN

AN ALL-BRITISH group of civil engineering contractors joined the bidding for a Channel tunnel yesterday, with an assertion that "drilling the hole would be the simplest part of the job."

Sir Robert McAlpine and Sons, the lead company, has joined forces with John Mowlem and Co., French Kier Construction and Thyssen (Great Britain), and is standing ready in case a tunnel is given the go-ahead by the Government.

The Government is now considering a range of proposals for tunnels, including the BR/French Rail scheme for a single-track tunnel costing £860m (at 1980 prices).

The initial relationship of the companies is in the form of a joint venture. But Sir Robert McAlpine and Sons said a joint company might be formed later, if a go-ahead appears likely.

## Joint venture

The group would be in direct competition with the European Channel Tunnel Group of British, French, Dutch and German civil engineering companies which launched its proposals for tunnels costing between £540m and £3.25bn on Wednesday. Costain Civil Engineering is the British partner.

Sir Robert McAlpine and Sons has bored a number of tunnels, including cable tunnels under the River Severn for the Post Office, a tunnel at St. Maximin, France, and part of the Victoria Line underground tunnel in London.

## 'Straightforward'

The work of digging the Channel tunnel would not be difficult. Sir Robert McAlpine and Sons said it was a "straightforward civil engineering job."

● The announcement came after Mr. Norman Fowler, Transport Minister, told MPs no public money would be used to support a Channel bridge or tunnel. Nevertheless, he did not rule out Government support for such a scheme and said: "providing we get the right scheme a Channel tunnel would be the sensible way of meeting traffic growth on the Channel."

# Tricentrol plans expansion in North America

BY RAY DAFTER, ENERGY EDITOR

TRICENTROL, the UK-based oil and commercial group, plans a major expansion of its North American oil and gas activities. The move could lead to production emphasis being switched from the North Sea, where the company has a significant Thistle Field stake.

Mr. James Longcroft, chairman and chief executive, said yesterday the group would concentrate exploration and production in three main areas: North America, the UK Continental Shelf and in the much longer term, China.

It would also expand its non-energy business.

Tricentrol has 9.6 per cent in Thistle—worth £182m in future cash flow before Corporation Tax—and hopes to be awarded new exploration blocks in the next round of North Sea licences. But it feels there are greater, more immediate opportunities for developing oil and gas fields in the U.S. and Canada.

Tricentrol shares are to be offered to the North American public. It is expected this will raise about £30m. The group is also expected to seek listings on the Toronto and New York stock exchanges.

It hopes to be able to bid for at least one independent oil and gas company later this year.

Tricentrol's proven oil reserves in North America—most of them in Canada—are estimated at 7.3m barrels. It has 4.0m barrels of "probable" reserves—oil likely to be recovered in due course.

Tricentrol expects to recover 38.7m barrels from its share of the remaining Thistle reserves.

The group reported pre-tax profits of £21.3m in 1979, a 165 per cent increase over 1978. Turnover was £209m (£142m in 1978).

On its non-oil business, the company said it had acquired for £6m the hardware interests of R and G Cuthbert from Kema Nobel (UK), the wholly-owned subsidiary of the Swedish KemaNobel chemical and consumer products company. This will strengthen Tricentrol's activities in hardware and garden supplies.

It had agreed to pay £2m for Stevens Travel, said by Mr. Longcroft to be Europe's largest motor caravan hire operation. The business, in Middlesex, will be associated with Tricentrol's coach and travel interests.

Mr. Longcroft said the non-energy expansion would be on three main fronts: vehicle distribution; wholesaling, warehousing and distribution of hardware and equipment for the home and garden, and design, manufacture, wholesaling and distribution of "products likely to be in high demand because of increasingly high energy costs."

# Engineering industry in a 'carry on' state

BY JAMES McDONALD

"STEEL SUPPLIES are the least of my problems. I am much more concerned about winning work to process the steel, which I can obtain fairly easily," the director of a small engineering plant in the north-east, said this week.

This, perhaps, was an extreme, but by no means isolated, reaction in a survey carried out by the Financial Times into the effects of the steel strike on the British engineering industry. A very large cross section of the industry has apparently entered the 12th week of the strike with little loss of production, relatively few lay-offs of labour and little short-time working attributable to the dispute, and with either a reasonable level of steel stocks for some time ahead or confidence to obtain supplies when needed.

These are the major contributory factors to the present "carry one" state of the engineering industry: widespread stocking and ordering of steel from domestic private and overseas producers by major users and stockholders before the beginning of the strike; the resourcefulness of the stockholders in delivering steel after the start of the strike; self-help and "swapping" arrangements by steel users; and an apparently widespread downturn in new work for engineers.

There are, of course, exceptions. Metal Box is a notable case: with its large dependence on the British Steel Corporation for tinplate, it has had to lay-off nearly half its 15,000-strong production force. And yesterday, Mr. Kenneth Carlisle, the MP for Lincoln, asked Mr. Bill Sirs for dispensation for a local firm, Robeys, which has put more than 100 workers on short time, to collect steel supplies.

But more general have been the reports from many regions that, where short-time or lay-offs have taken place or are being considered, the main reason has been a down-turn in new business. Most steel users attribute this to the effects of a general recession rather than to lack of confidence in delivery by customers because of the strike.

The majority of engineering companies contacted, large and small, preferred to be anonymous.

Early in February, the machine tools industry expressed concern over the effects of a protracted steel stoppage. Mr. John Halbert, president of the Machine Tool Trades Association, feared that two months of the strike could affect delivery dates seriously.

But yesterday, over six weeks later, Mr. Halbert said: "At the moment, the strike is not affecting the machine tools industry." The industry relied upon special steels but stocks had been high before the strike and "there is a lot of imported steel about." Moreover, he added, "the downturn in orders everywhere has taken the pressure off."

Elsewhere, one very large group, some of whose companies supply forgings and pressings to the motor industry, has had to put about one-third of its 10,000-strong workforce in this sector on short-time: but there have been very few lay-offs. The companies involved have had to change the work-loads in some cases, according to the availability of certain steels, but they are continuing to produce on a "week-to-week" basis.

Another large company producing storage and materials handling equipment has had no problems about scarcity of work. Its plant is on three-shifts with overtime, and recently has had to do away with week-end working to ease the pressure on steel stocks. This plant needs certain steel specifications—"We can't just go around stockholders and get job lots"—but it placed large orders overseas before the start of the strike and has been unsuccessful in obtaining dispensation from the unions for the release of a certain amount of steel consignments through the ports.

Manufactures of diesel engines also seem to have overcome most of their problems. Two large organisations say that their finished and semi-finished component suppliers who, in turn, are heavily dependent on stockholders, so far have met their requirements. Both companies have relied on multi-sources in the past for their components. This policy has proved successful. There has been no loss of production in either case, nor any lay-offs or short-time.

A large manufacturer of food processing machinery, with about 5,500 employees, says that shortages of special steels have affected some production, but not its main product lines. Stocks are sufficient for another month at least.

In the heavy engineering sectors one maker of rolling mills reports having stock problems as it is not a big user of raw steel and depends on a number of sources for supplies. It is still working normally and has no plans for redundancies or short-time working.

One large group comprising up to 70 companies in the UK reports no lay-offs or short-time. "One or two companies have problems, but we order on a long-term basis, particularly for special steels, and generally speaking the strike has had no immediate effect," the group says. Again, this group is largely dependent on stockholders.

One company willing to be named is Rolls-Royce. With a large order book, it reports no immediate or insurmountable problems. But it points out that it uses mainly special metals for its engines.

Most of the "big name" engineering companies obviously rely heavily on sub-contractors: and, just as obviously, many sub-contractors are too small to have sources other than steel stockholders. Apparently, the stockholders have been largely successful so far in keeping the small engineering plants supplied.

The Engineering Industries Association has about 4,600 members, many of them small plants employing 60 workers or less. Regional secretaries of the association reported that few, if any, closures have directly resulted from the strike. There have been few lay-offs and little short-time working.

The London Chamber of Commerce and Industry conducted a survey of engineering plants in London and the south-east fairly early on in the strike and found plants reported only two or three weeks stocks in hand. But, repeating the survey only recently, the chamber received much the same reply on stocks from the same plants. "Obviously the steel is getting throug," said the chamber, "either from stockholders or through small ports."

# Corporation denies big board pay demands

FINANCIAL TIMES REPORTER

BRITISH STEEL took the unusual step of summoning a Press conference to deny a report that some of its top staff were demanding pay rises of more than £250 a week.

Clearly embarrassed at the impact such a report could have on efforts to end the strike, Mr. Bob Scholey, chief executive, said steel chiefs were not demanding pay rises and had no power to do so.

Last November, the Government's Top Salaries Review Body (TSRB), covering senior public sector pay levels, had asked every nationalised industry, including the British Steel Corporation, if they wanted to make any views known before the body proposed to the Government that salaries be updated. BSC had agreed in principle to the proposal, but did not go into figures.

Under the next increment, due on April 1, Mr. Scholey's salary will rise from £33,000 to £37,000 and an ordinary BSC board member's salary will rise from £27,000 to £29,000.

The salary of Sir Charles Villiers, BSC chairman, will rise to £48,000.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said last night he believed the report, in yesterday's Daily Mirror, to be correct. His belief was based on a "source of information in Whitehall," he said.

Mr. Sandy Feather, a national officer of the union, said the ISTC believed the submission had been made by Mr. Frank Holloway, BSC's Board member for finance, on behalf of Mr. Bob Scholey, chief executive. However, the BSC denied last night that Mr. Holloway had made any such submission.

# Threat to industry grants

BY MAURICE SAMUELSON

SHORTAGE OF steel parts may stop industrial projects meeting the August 1 completion deadline for a regional development grant, according to Sir John Greenborough, president of the Confederation of British Industry.

In a letter to Sir Keith Joseph, Industry Secretary, he repeats a call to extend the deadline. This has already been turned down by the Government on the grounds that there was no general shortage of steel.

But Sir John now says there is a shortage of particular steel types.

He cites a £1m factory extension in Sheffield which will provide 30 to 40 new jobs, but which would lose its 20 per cent grant unless it is finished by August 1.

# Coal industry breaking even

THE COAL industry should break even this year, Sir Derek Ezra, chairman of the National Coal Board, said yesterday during a visit to Newmarket Silkstone Colliery, where he congratulated miners on their recent production efforts which are helping transform the pit's earlier losses into profits.

Sir Derek met some of the coalface teams who for five months have kept the pit's name at the top of that Yorkshire area's production league. Output per man-shift at the mine regularly exceeds 17 tonnes—almost twice the national average performance this year.

# £5m plan for zip factories

By Lisa Wood

A £5M MODERNISATION programme was confirmed yesterday by Lightning Fasteners, a subsidiary of Imperial Metal Industries.

The company is to build a purpose-built zip production factory in Peterlee, Co. Durham, to replace existing plant in the town and an existing factory in Cleator Moor, Cumbria, is to be re-equipped.

The work, expected to be completed during 1981, should create more than 100 new jobs, said the company.

Lightning Fasteners said that without the active co-operation of Peterlee Development Corporation and the "considerable financial assistance" given by the Industry Department and the European Coal and Steel Community, the project would not have been undertaken.

Last July Lightning Fasteners announced plans to phase out zip manufacture at Witton, Birmingham over a period of at least 18 months. Zip manufacture, it said, was to be concentrated at Peterlee and Cleator Moor.

# Construction orders down in January

BY MICHAEL CASSELL

ORDERS for new construction work continued to run at "disappointing" levels in January, say provisional figures from the Department of the Environment.

The Department estimates that value of orders placed with contractors in the first month of 1980 reached £776m at current prices, against £685m in December. In constant price terms value of orders compared with December showed a drop of nearly £50m.

More significantly, value of work won in the three months to the end of January showed a 5 per cent fall from the previous quarter in constant price terms. They were 3 per cent lower than in the same period 12 months before.

The Department said that new orders in public-sector housing in the latest quarter under review were 11 per cent down on the previous one and 26 per cent less than a year earlier.

Private housing contracts were, by value, 18 per cent lower than in August-October 1979, but 2 per cent higher than in November-January a year before.

Public works orders in the latest quarter were 8 per cent down on the preceding three months and 15 per cent less than a year ago.

Private industrial orders were down 17 per cent on the previous quarter, and 12 per cent better than in the same period a year earlier. Private commercial orders were up by 32 and 14 per cent respectively.

# Competition urged in sale of Channel 4 advertising

FINANCIAL TIMES REPORTER

The Incorporated Society of British Advertisers has called on the Government to allow competition in advertising sales between the new commercial TV channel and the existing ITV channel.

Under the arrangements envisaged in the Broadcasting Bill, now going through Parliament, the sale of advertising for the fourth channel would be handled by the ITV companies. The Society which represents the 600 companies who provide 75 per cent of television advertising, deplores the extension of the ITV monopoly.

Mr. Kenneth Miles, society director, said yesterday: "The Government is calling for a tougher and more competitive approach from industry as a whole, but there seems to be a blind spot on this particular issue, and industry is extremely worried about it."

The Government expects that the new channel would not initially be able to pay for itself, so that the costs of running the service must be put up the ITV companies.

By contrast, the society calculates that the new channel could be viable almost imediately. It recommends that the sale of Channel 4 airtime should be the responsibility of independent regional agents, who would not have seats on the Channel 4 board, and would therefore have no influence on programme content.

In January and February this year, total advertising revenue on ITV was just over £85m, 50 per cent higher than in January and February last year.

# How much longer before we in Britain join the 3rd World?

Fifteen years ago, Britain was a leading producer of motor cars, motor cycles, domestic appliances, televisions, radios, hi-fi's.

Manufacture of many of these has slowed to a trickle. And in some cases has stopped altogether.

Czechoslovakia and Spain have now overtaken us in production per head.

Why are we falling behind?

Because heavily automated businesses overseas are producing better value products.

But there is something that can be done. Out of Britain's top 25 profit makers, 22 are already using IBM as their primary source for automated business systems.

It is precisely because IBM believes in the future of Britain, that we have invested £136 million here last year alone.

To bring businesses of every size the automated systems they need. To expedite office work. Control costs. And increase productivity.

The results, in today's competitive times, could make a world of difference.

IBM

WHATEVER SIZE YOUR BUSINESS, IBM CAN OFFER AN AUTOMATED SYSTEM TO HELP YOU. WORD PROCESSORS FROM £3,600, COMPUTERS FROM £8,500. CONTACT ANDREW BIDDLECOMBE, PORTSMOUTH (0705) 694941.

# UK NEWS

## Changes needed in clothing industry

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S clothing industry could reduce its prices, increase its profits, and pay better wages if it used better manufacturing methods and systems, claims a report by the Clothing Industry Productivity Resources Agency—CIPRA.

The report highlights a number of common weaknesses in 22 companies covered in a survey. These include excessive employment of indirect staff, poorly designed wage systems and ineffective quality control.

By contrast, a single German company ncluded in the survey, for purposes of comparison, was able to complete in export markets including Britain in spite of paying wages twice as high as the UK average. Motivation among the German employees was also found to be very high.

The survey by the Leeds-based Government-funded agency was carried out in companies in the women's and children's light outerwear sector which in 1978 had sales of more than £800m and provided employment for nearly 100,000 people. The sector has also performed better than many other parts of the industry with employment falling by only 5 per cent between 1970-78, compared with an industry average of 15 per cent.

### More complex

CIPRA says, however, that companies employ too many support workers—in relation to manufacturing workers — an average ratio of 58 to every 100, compared with 29 per 100 in the West German company. Significantly, too, the bigger the factory the greater was the ratio of indirect to direct staff.

The report says a larger factory breeds a more complex structure which requires the efforts of relatively more people to overcome its organisational inertia, and it suggests that factories of between 100 and 200 are most likely to be properly controlled by a manager.

Other improvements could be achieved by UK companies through better use of fabrics—a possible 10 per cent saving overall—and better organisation of sewing rooms. Productivity increases of up to 100 per cent were possible in some of the companies visited—the average was 40 per cent.

The study also found that companies were generally not using the right mix of basic payment and bonuses to achieve maximum levels of output. The payment system also often encouraged the passing of sub-standard work.

The German factory included in the survey was run on substantially different lines from its British counterparts and its results are described as remarkable, exceeding anything found in the UK group of companies in terms of effectiveness and motivation of staff at all levels.

CIPRA is particularly impressed with the decentralisation practised by the German company. The system gives the individual factory manager responsibility for rejecting or accepting for manufacture particular fashion lines and holds him accountable for quality, costs and delivery, with a significant element of payment by results in his salary.

### By contract

Within the factory, line supervisors reach a contract with the manager to produce a certain value of merchandise daily, and each individual operator in turn agrees to complete a certain number of operations at a price set by the supervisor. Work continues until the agreed quantity is completed.

Machinists in the German factory, according to CIPRA, maintained their best workpace for 65 per cent of the working day, a figure close to the optimum.

The report notes: "All staff employed were fairly near to being their own bosses, all effectively making their own contracts for price, quantity and delivery. As a result morale seemed to be high, and there seemed to be a more serious attitude to getting on with the job than is found in many British companies."

All 22 UK companies surveyed in the report have now been given their own confidential reports highlighting areas of weakness where changes could be made. Mr. Martin Frankel, chief executive of the agency, said yesterday it was hoped publication of the report would lead to action by many other firms.

*Productivity Survey. CIPRA, Sovereign House, Seacroft Centre, Leeds, LS14 6NT. £10 plus £1 p. and p.*

## Pressed Steel to shed 450 more jobs

FINANCIAL TIMES REPORTER

PRESSED STEEL-FISHER will cut a further 450 jobs at its car body plant at Swindon, Wilts., this year as part of BL's overall plan to axe 25,000 jobs.

Already this year about 200 jobs have been lost at the Swindon plant. Falling sales and production volume at assembly plants throughout BL Cars are blamed for the latest round of redundancies.

The first batch will be implemented before the summer shutdown in mid-July, when 200 jobs will go.

About 250 more will be shed between August and the New Year. The plants put forward by the company are still being discussed by the unions and workforce. Most redundancies will be in the Triumph TR-7 and Rover sub-assembly lines and in press shops.

Pressed Steel said yesterday: "We are reacting to the volume changes in car production at the BL Cars assembly factories. There is a need to streamline the operations and become more competitive."

## Stock Exchange extends Talisman to South Africa

BY CHRISTINE MOIR

THE STOCK Exchange is to extend Talisman, its computerised settlement system, to include South African securities. It is establishing a central stock pooling company in Johannesburg.

Permission for the office, which should be fully operational by late summer, was given by the Stock Exchange Council this week.

It has been warmly received by the leading Johannesburg registrars, Consolidated Share Registrars.

The extension will mean brokers will be able to take or deliver stock in Johannesburg through a subsidiary of Sepon, the pooling system in the UK, and central to Talisman.

Stock transfer will be by facsimile transmission and should take 24 hours. At present, the physical transfer of stock by airmail takes at least seven days.

Belaunde still draws large

The Stock Exchange's settlement committee hopes to begin planning a similar extension to include transactions on Australian stocks later this year.

This is likely to take much longer to become operational. Settlement systems in Australia differ from State to State, and the Sydney and Melbourne stock exchanges are only now in the early days of planning a computerised system already nicknamed CENSAS — Centralised Scrip and Accounting System.

But the plans have come too late to alleviate the congestion in stockbrokers' administration offices caused by the booms in South African gold shares and Australian oil stocks.

At present foreign securities —mainly South African, Australian and those from Hong Kong and the Far East—are excluded from Talisman. Normally, transactions account for only about 5 per cent of total stock market turnover.

In recent weeks their turnover has boomed. It has also coincided with transition to a single Talisman system and withdrawal of the duel running of its semi-computerised predecessor, Bargain Accounting.

Since January transactions in foreign securities have reverted to the old manual ticket passing system. This has put considerable strain on the settlement offices of leading specialist brokers.

Clients are naturally reluctant to pay their bills before receipt of stock and the backlogs have strained some firms' financial resources.

With more normal trading in gold shares and oil stocks the backlogs are dwindling and the financial problems are less acute.

The Stock Exchange said yesterday the new Talisman extensions should make for much speedier settlement and, therefore, less strain on members' cash flow by the next boom.

## SCHLUMBERGER LIMITED

The following is the Statement of the Chairman and President, MR. J. RIBOUD, which has been circulated to Shareholders with the Annual Report for 1979.

The closing year of the seventies was a record year. Net income of $658 million was up 31%. The last quarter of the year was very strong: net income was up 42%. The figures do not call for comments, they tell a simple story. All business segments of Schlumberger had record earnings built on higher sales. Oilfield activity continued the same pattern of expansion in all parts of the world, in all services. After a slow start, the United States was very strong in the second half of the year. All the other units of Schlumberger pulled their own weight: Sangamo Weston and Fairchild in North America, Measurement & Control in Europe had excellent results.

In this past decade, revenue grew by a factor of 6 and net income per share by a factor of 12. Success is the child of luck and hard work. We had both.

Two factors had a major impact on our development. The price of crude oil increased tenfold, from $2.80 a barrel to roughly $28 while the price of a semiconductor memory tumbled 25 times, from 1 cent to 0.04 cents. The oil price increase changed dramatically the energy situation of the world, spurring the search for hydrocarbons to an intensity heretofore unknown and stimulating the quest for new energy sources. Maybe more important are the ultimate consequences of this new age of artificial intelligence, as the scientists call it. Coal and oil brought about the industrial revolution because they provided abundant and cheap physical power. Microprocessors and memory will bring about a new revolution because they will provide abundant and cheap intellectual power.

What does this mean for the decade ahead of us, for the eighties?

The first consequence is under way. We are at the dawn of a new era in the search for oil. New era by its geographical spread, new era by the enormous amounts invested, new era by the technical developments which are bound to follow the intensity and magnitude of this effort. Thirty years in the oil industry have taught me a simple conviction. If you want to find oil, you have to look for it; if you look, you find oil. The world has now understood that it cannot live forever on Middle East oil, the search has started and the finds are coming in.

The economic value of new energy sources will belong to the twenty-first century. Meanwhile the additional energy required will have to come from electricity. And yet it does not make sense to make electricity with oil. Coal and nuclear energy must be the answer.

As to the artificial intelligence, we have hardly begun to understand what this abundant and cheap intellectual power will do to our lives. It has already started to change physically the research laboratories and the manufacturing plants. It is difficult for the mind to grasp the ultimate consequences for man and society.

What does this mean for the future of Schlumberger?

We are in the right business; luck or not, we are. I cannot imagine for the eighties fields of activity with greater growth potential than the ones we are in: the technical services for the exploration and production of hydrocarbons, the technical products tied to the distribution of electrical power, the advanced products of the semiconductor industry.

We have our hands full. If we are to be ready to face the growth ahead, if we are to have the number and the quality of field service engineers, if we are to remain creative in research and engineering, if we are to invent the products of the future, if we are to regain in the semiconductor industry a position of innovation and leadership, our hands are full. We will need all our resources, human and financial.

We have to be prudent. The potential for growth is so obvious that one could forget that growth is never a straight line into the future but a pattern of cycles. This has been true in the past and will be true whether it is for offshore semisubmersibles at fifty million dollars a unit or for electronic chips at fifty cents apiece.

We have to be adaptable. Adaptable to the world of tomorrow, to the politics of tomorrow, to the youth of tomorrow, to the technical changes of tomorrow. We cannot become an establishment.

We have to work harder. Success can breed complacency and this is the end of success.

To prepare this future, we have in 1979 invested as fast as we could.

—Expenditures for fixed asset additions were $503 million compared to $393 million in 1978. Oilfield services investments were $405 million. The plan to equip the field with the new cyber service unit is on schedule: in 1979, a total of 235 new CSU logging units was put in service. In addition, $11 million were invested in computing facilities for the wireline. For Fairchild alone, in the six-month period since acquisition we invested $45 million.

—Research & Engineering expenses were increased in all units. Oilfield service R&E alone was increased 29% to $64 million. A major expansion of the wireline central research laboratory in Ridgefield, Connecticut has just been completed.

—We have recruited 1,017 oilfield graduate engineers in 1979, from 51 nationalities. In addition, for laboratories and plants we recruited 891 engineers.

On February 21, 1980 the Board of Directors declared a quarterly dividend of 33 cents per share on outstanding common stock. This increases the annual rate from $1.10 to $1.32 per share.

### FIVE YEAR SUMMARY

(Amounts in millions except per share amounts)

| YEAR ENDED DECEMBER 31, | 1979(A) | 1978 | 1977 | 1976 | 1975(B) |
|---|---|---|---|---|---|
| SUMMARY OF OPERATIONS | | | | | |
| Revenue: | | | | | |
| Oilfield Services | $2,037 | $1,636 | $1,310 | $1,005 | $845 |
| Measurement, Control & Components | 1,513 | 983 | 850 | 805 | 721 |
| Interest and other income | 91 | 65 | 46 | 30 | 22 |
| | $3,641 | $2,684 | $2,206 | $1,840 | $1,588 |
| % Increase over prior year | 36% | 22% | 20% | 16% | 30% |
| Cost of goods sold and services | $2,061 | $1,499 | $1,231 | $1,071 | $950 |
| Operating income: | | | | | |
| Oilfield Services | $809 | $648 | $540 | $383 | $299 |
| Measurement, Control & Components | 188 | 122 | 93 | 77 | 64 |
| Eliminations | (13) | (6) | (1) | — | (2) |
| | $984 | $764 | $632 | $460 | $361 |
| % Increase over prior year | 29% | 21% | 37% | 27% | 41% |
| Interest expense | $52 | $18 | $16 | $15 | $24 |
| Taxes on income | $355 | $295 | $248 | $168 | $125 |
| Net income | $658 | $502 | $401 | $293 | $219 |
| % Increase over prior year | 31% | 25% | 37% | 34% | 49% |
| Per common share: | | | | | |
| Net income | $5.18 | $3.94 | $3.12 | $2.27 | $1.74 |
| Cash dividends declared | $1.10 | $0.83 | $0.63 | $0.40 | $0.29 |
| SUMMARY OF FINANCIAL DATA | | | | | |
| Net income as % of revenue | 18% | 19% | 18% | 16% | 14% |
| Return on average stockholders' equity | 31% | 29% | 28% | 25% | 26% |
| Fixed asset additions | $503 | $393 | $212 | $187 | $222 |
| Depreciation expense | $242 | $184 | $159 | $130 | $99 |
| Average number of shares outstanding | 127 | 127 | 129 | 129 | 126 |
| AT DECEMBER 31— | | | | | |
| Working capital | $1,041 | $885 | $786 | $625 | $457 |
| Total assets | $4,375 | $2,955 | $2,385 | $1,995 | $1,716 |
| Stockholders' equity | $2,400 | $1,900 | $1,550 | $1,280 | $1,038 |

(A) Results of Fairchild Camera and Instrument Corp. have been consolidated with Schlumberger beginning July 1, 1979.
(B) Results of Sangamo Electric Company have been consolidated with Schlumberger beginning July 1, 1975.

*Certain information relating to directors' share dealings and group companies, required by The Stock Exchange in London to be made available, may be inspected during the next three weeks during normal business hours at Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DE, from whom copies of the full Annual Report may be obtained.*

## Talks on N. Ireland may be adjourned

BY STEWART DALBY

THE CONSTITUTIONAL conference on Northern Ireland which aimed to explore ways in which more political power at a local level could be restored to the province, is now likely to be adjourned indefinitely on Monday.

There was to have been a final day of talks on March 31. However, this has been brought forward, apparently at the insistence of the Social Democratic and Labour Party, the main Catholic representatives.

The party feels talks have reached the end of their useful life following the refusal by Mr. Ian Paisley, the main Unionist delegate, to countenance power-sharing with the Roman Catholic minority.

The minimum demand of SDLP leader, Mr. John Hume, is power-sharing. He feels that any further talks along the lines of those going on since January are pointless in view of Mr. Paisley's stance.

Now, the idea is that Mr. Humphrey Atkins, conference chairman, will report to the Cabinet before Easter on what he considers the maximum level of agreement possible between the three political parties attending the talks.

There may then be proposals for further talks in the summer, possibly based on a White Paper.

Mr. Atkins says he did not expect instant solutions from the talks to bridge the gap between his all-powerful role and the virtually powerless 26 district councils. He has wanted to see whether local politicians could decide on the way of government themselves.

## Colliery waste gas to heat Michelin plant

WASTE GAS from a North Staffordshire colliery is to be piped to the Michelin tyre factory at Stoke on Trent in a scheme to cut its fuel bill. The change-over from natural gas will take place next week, watched by senior National Coal Board officials. The Coal Board said that it would turn a waste product into an asset.

Colliery gas will be used for heating and production equipment, and a company official explained: "The simple fact is that local mine gas costs less than North Sea gas, and it should mean a considerable saving for us over a period."

## Tanker claim judgment reserved

JUDGMENT was reserved yesterday in the High Court action by Universe Tankships, of Moravia, against the International Transport Workers Federation.

The company—part of the shipping group headed by Mr. Daniel K. Ludwig—alleged that the federation unlawfully demanded $6,480 (£2,959) for its welfare fund as part of the price for releasing the company's 269,000-ton tanker Universe Sentinel when it was blacked at Pembroke Docks in July, 1978.

The company also claimed it was entitled to recover part of the $71,000 (£32,420) it paid the ITF as back pay for the vessel's crew.

## Courtaulds defends cost of Londonderry plant

BY OUR BELFAST CORRESPONDENT

COURTAULDS HAS replied to criticism at Westminster about the cost to the taxpayer of its integrated textile plant near Londonderry in Northern Ireland.

MPs on the public accounts committee on Wednesday questioned the Northern Ireland Department of Commerce about spending £14.4m in grants on the basis of a projected labour force of 1,500.

Just over 800 staff are now employed but Dr. Vera Furness, general manager of the plant, said yesterday part of the explanation was that depressed market conditions had affected sales.

She added that the industry had also been able to operate with fewer staff than had been expected when the factory was planned seven years ago.

The factory opened in 1976 and gradually built up to a labour force of 900. About three months ago the slump in textiles meant nearly 100 employees had to be paid off, and this was followed by a period of short-time working.

Mr. Frank Mals, Permanent Secretary of the Northern Ireland Department of Commerce, told the committee that Courtaulds had not misled the department over how many jobs would be created.

If the project was successful and the market picked up, the 1,500 jobs could still materialise.

MPs on the committee had criticised his department because the cost per job had risen from £9,500 to £28,000.

## GKN to make component for new BL car

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GKN IS TO supply constant velocity joints from Britain for the Bounty, the car BL is to make from a Honda design.

The joints are key components in the transmission of power from the engine to the wheels of front-wheel-drive cars. GKN reckons that it directly supplies 34 per cent and, together with its licensees, provides 95 per cent of the joints produced in the world.

The Japanese version of the joint BL-Honda car will have the joints manufactured under licence by NTN in Japan. The terms of the licence prohibit the export of NTN joints to Europe, except as part of built-up vehicles.

In view of this restriction, GKN has been working with BL on suitable joints to be made in Britain. Prototypes are already under test.

The Bounty is due to be launched in the UK in mid-1981, and production should be at the rate of about 80,000 a year.

As production builds up, it might be necessary for some of NTN's joints to be used—Honda's main concern is to protect its quality image—and GKN seems likely to arrive at some accommodation with BL on this point.

## Money supply rises £529m in five-week period

BY OUR ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £529m, or 0.9 per cent, in the five weeks to February 20, on the basis of existing seasonal adjustment. But the Bank of England believes that this exaggerates the underlying rise because there were large surrenders of certificates of tax deposit during the month associated with the seasonal payment of corporation tax.

These surrenders have not been allowed for in the present seasonal adjustments; but if they are taken into account, the rise in sterling M3 was about 0.6 per cent.

In the eight months since mid-June, sterling M3 has risen at an annual rate of just over 12 per cent—about 11½ per cent if allowance is made for the seasonal pattern of surrenders of these certificates. This compares with a 7 to 11 per cent target rate of increase.

The narrowly defined money supply, M1, fell sharply—by 1.6 per cent after seasonal adjustment—with three-quarters of the decline occurring in the interest-bearing element.

Domestic credit expanded by £495m, seasonally adjusted, which was more than explained by a rise in bank lending since the public sector was slightly contractionary.

### GROWTH OF MONETARY AGGREGATES (£m)

| | Money Stock M1 Unadjusted | Money Stock M1 Seasonally adjusted | % | Money Stock M3 Sterling Unadjusted | Money Stock M3 Sterling Seasonally adjusted | % | Bank lending* Unadjusted | Bank lending* Seasonally adjusted | Domestic credit expansion Unadjusted | Domestic credit expansion Seasonally adjusted |
|---|---|---|---|---|---|---|---|---|---|---|
| 1979 | | | | | | | | | | |
| Feb. 21 | −221 | 195 | 0.8 | −33 | 507 | 1.0 | 1,125 | 1,129 | 378 | 1,048 |
| Mar. 21 | 304 | 35 | 0.1 | −344 | −443 | −0.9 | 430 | 733 | −388 | −321 |
| April 18 | 1,515 | 785 | 3.0 | 1,608 | 721 | 1.4 | 543 | 535 | 1,753 | 876 |
| May 16 | −186 | 39 | 0.1 | 420 | 729 | 1.4 | 607 | 808 | 505 | 995 |
| June 20 | −404 | −213 | −0.8 | 609 | 601 | 1.2 | 1,079 | 1,029 | 1,150 | 896 |
| July 18 | 772 | 641 | 2.4 | 777 | 426 | 0.8 | 1,132 | 386 | 968 | 420 |
| Aug. 15 | −13 | −3 | — | 282 | 563 | 1.1 | 145 | 693 | 815 | 1,045 |
| Sept. 19 | 34 | 120 | 0.4 | 316 | 346 | 0.6 | 112 | 157 | 763 | 944 |
| Oct. 17 | 1,107 | 921 | 3.4 | 1,209 | 1,066 | 2.0 | 1,348 | 1,223 | 1,774 | 1,547 |
| Nov. 21 | −776 | −575 | −2.0 | 206 | 371 | 0.7 | 713 | 729 | 868 | 1,094 |
| Dec. 12 | 607 | 26 | 0.1 | 458 | 258 | 0.5 | −454 | 163 | 410 | 250 |
| 1980 | | | | | | | | | | |
| Jan. 16 | −783 | 2 | — | 206 | 611 | 1.1 | 2,064 | 1,301 | 482 | 792 |
| Feb. 20 | −836 | −431 | −1.6 | −156 | 529 | 0.9 | 568 | 584 | −310 | 495 |

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills

*Source: Bank of England*

# Union may sue Ministry over redundancy

BY PHILIP BASSETT, LABOUR STAFF

THE MINISTRY of Defence is likely to face a High Court action next week brought by one of its unions to stop it issuing redundancy notices to staff or offering their work to private contractors.

The Civil Service Union, which represents mainly lower-grade white-collar civil servants, will press, probably on Tuesday, for the restraint to be enforced.

The union wants the High Court to give a declaration—injunctions cannot be granted against the Crown—stopping issue of notices until the Central Arbitration Committee has decided on the union's reference to it, under the Employment Protection Act, for the disclosure of information on the MoD's decision to employ contract staff.

The case concerns 72 cleaners employed by the MoD in Bath, whose jobs are threatened because of plans to have their work done by contractors, as part of the Government's programme of Civil Service cuts.

The cleaners met on Wednesday and resolved to strike until the end of the week in protest.

The CSU at a meeting on March 12 won assurances from the MoD that it would not take the matter further for 14 days, and asked for assurances that the cuts will be delayed until the CAC decision. It has since consulted its lawyers and will issue a writ if the assurances are not received.

Mr. Les Moody, CSU general secretary, said any High Court action would be on the one specific point of staying the MoD's action. He said: "The court would not be asked to deal with the dispute itself, nor with what the CAC is being asked to decide."

The union has a preliminary meeting with the CAC today on its reference under Section 19 of the Act, but a decision is not expected for some time.

The Ministry of Defence said it was "reserving its position" on whether it went ahead with the issue of redundancy notices because the matter was still unresolved.

# Civil Service resists manning cuts

BY PHILIP BASSETT, LABOUR STAFF

HOWEVER fervently a government declares its intention to cut out waste and reduce bureaucracy, suspicion remains that the Civil Service will always be able to put up a smokescreen of effective resistance.

The revelation on Wednesday at a meeting of a sub-committee of the Commons' Treasury and Civil Service select committee that the staff provision in the 1980-81 estimates for the Civil Service over the coming year showed an increase rather than a fall in numbers has strengthened this view.

For this comes despite the Government's election promises that it was determined to cut the size of the central administration.

The number of civil servants in April last year stood at 732,000 industrial and white-collar workers. Staff provisions in the estimates are a maximum figure: the actual numbers are usually lower. Even so, the difference in April last year between those budgeted for and those employed was only just over 1 per cent.

After the election the Conservative Government appeared to be moving quickly on its election pledge to cut the numbers of civil servants. Within a week of the election it froze all recruitment in one department, a move which was broadened within a fortnight to an across the board recruitment ban coupled with a 3 per cent reduction in manpower costs. This was designed to fund in part the recent pay settlement which gave average increases of 25 per cent.

The cut took some time to work through. Staff employed were down to 724,000 by July, and the expected cut of 20,000 posts was achieved only by October, when numbers were down to 712,000.

Apart from any programme of cuts, however, August and September are traditionally the two months with the highest wastage rate. Furthermore, a recent Civil Service Department memorandum on the cuts said that, despite union claims of what would be bound to happen if numbers were cut, there is no reason to suppose that the recruitment ban and the 3 per cent cut "caused the quality of service provided by Government departments to suffer to a substantial extent."

A letter from Mr. J. K. Moore, private secretary to Lord Soames, then Lord President of the Council with responsibility for the Civil Service, to the Commons select committee, illustrates the difficulty of cutting the service.

The letter agrees that the Civil Service Department was subject both to the recruitment ban and to the 3 per cent manpower squeeze, but adds: "The number of its staff in post did not, however, fall during the relevant financial year." It lists such crucial reasons as the increase in staff stemming from the Civil Service catering organisation's takeover of a number of loss-making departmental staff restaurants.

In June, the Government announced a review of Civil Service staff levels based on options of cuts of 10, 15 and 20 per cent. In the event, after much backstairs lobbying by Ministers on behalf of their own departments, the cut announced in December averaged only 4½ per cent, or about 39,000 posts. The timetable was seen as: financial year 1980/81, 9,000 posts; 1981/82, 11,000 posts; 1982/83, 16,000 posts; and 1983/1984, the final 3,000 posts.

## ECONOMIES PROVE HARD TO PUT INTO EFFECT

The Civil Service Department for instance, estimates that its own projected cut of 280 posts by 1982-83 will be "necessarily weighted" towards the end of that time because of the need for the department to oversee the general reductions throughout the service. Privately, however, officials from the Civil Service and other departments agree that there is little central impetus for departments to achieve their targets in this particular batch of cuts.

MPs at this week's sub-committee were sceptical in any case that the exercise, even greatly reduced as it is, was actually achieving anything although Sir John Herbecq, second permanent secretary at the Civil Service Department, was at pains to insist that the cuts announced were genuine.

Numbers employed fell in January this year to 708,000. But in spite of the cuts announced, by the end of this month numbers are expected to have risen to 712,000. Since the Civil Service Department projects another increase of 3,000 in this financial year, MPs estimate that Civil Service manpower has risen by 15,000 since the cuts were announced in December.

The committee was astonished by this admission, despite Civil Service officials quoting the statement made by Lord Soames in December that "though there may be short-term fluctuations, the general trend from now on will continue downwards."

Sir John Herbecq said that extra staff had had to be taken on to deal with changing economic conditions, such as growing unemployment and higher demand for supplementary benefit.

# De Lorean labour force 'could rise to 9,000'

BY OUR BELFAST CORRESPONDENT

MR. JOHN DE LOREAN, the former General Motors vice-president whose De Lorean Motor Company is shortly to begin production of sports cars in Northern Ireland, has predicted that his labour force in Belfast could rise to as high as 8,000 once full production of the proposed model range is achieved.

The venture, which is backed by £56m in Government finance, could lead to the production of 200,000 cars a year on the 70-acre site on the west of the city, he said in Belfast yesterday.

De Lorean's immediate plan is to assemble up to 30,000 stainless-steel skinned sports cars a year, employing 2,000 people.

However, the company intends to introduce new models, starting with a conventional saloon based on the chassis, engine and major components of the existing sports car.

Mr. De Lorean said, "The Belfast site has a considerable potential. The average assembly plant in the U.S. is producing 300,000 units a year on a site of about 22 acres."

He forecast a rapid growth in Northern Ireland's car components sector as a result of his company's projected production rates.

He confirmed that De Lorean Motor Cars, the company registered in Northern Ireland, had applied for further Government aid—understood to be between £5m and £8m—to cover the effects of inflation on construction and tooling costs at the 650,000 sq. ft. plant.

If the application is accepted by the Northern Ireland Department of Commerce under the terms of the agreement it signed with the company in August, 1978, the total contribution from the taxpayer could rise to at least £82m.

Pilot production of the exotic De Lorean sports car is about to start, with serial production due to begin in late summer. The company has almost 300 employees: and recruitment is expected to rise sharply in the autumn when the car will be introduced in the U.S.

Mr. De Lorean views the project as of vital importance to the Northern Ireland economy. He said that since announcing the project in 1978, up to 12 U.S. companies have contacted him seeking advice about investing in manufacturing projects in the province.

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value | Unem-ployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1978 | | | | | | | |
| 4th qtr. | 110.3 | 103.1 | 110 | 101.7 | 132.3 | 1,340 | 230 |
| 1979 | | | | | | | |
| 1st qtr. | 110.2 | 102.8 | 98 | 100.7 | 134.0 | 1,351 | 234 |
| 2nd qtr. | 114.9 | 107.1 | 104 | 106.2 | 144.8 | 1,299 | 256 |
| 3rd qtr. | 113.3 | 103.2 | 100 | 99.5 | 144.6 | 1,269 | 247 |
| 4th qtr. | 113.1 | 104.1 | | 101.7 | 151.9 | 1,286 | 230 |
| Sept. | 111.2 | 100.5 | 96 | 99.4 | 145.5 | 1,264 | 243 |
| Oct. | 112.1 | 102.8 | 98 | 100.8 | 149.1 | 1,282 | 237 |
| Nov. | 114.6 | 105.8 | 110 | 102.5 | 153.2 | 1,282 | 234 |
| Dec. | 112.5 | 103.8 | | 101.7 | 153.1 | 1,294 | 219 |
| 1980 | | | | | | | |
| Jan. | 112.2 | 102.9 | | 102.8 | 155.1 | 1,339 | 207 |
| Feb. | | | | | | 1,383 | 191 |

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

| | Consumer goods | Invst. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1978 | | | | | | | |
| 4th qtr. | 105.8 | 97.2 | 124.0 | 96.9 | 99.5 | 102.2 | 20.3 |
| 1979 | | | | | | | |
| 1st qtr. | 106.0 | 99.3 | 127.2 | 98.9 | 99.6 | 100.1 | 12.9 |
| 2nd qtr. | 108.8 | 103.0 | 132.8 | 102.7 | 108.2 | 103.1 | 21.3 |
| 3rd qtr. | 105.8 | 95.9 | 132.7 | 94.9 | 105.4 | 100.6 | 21.0 |
| 4th qtr. | 105.1 | 101.2 | 130.1 | 99.4 | 99.2 | 96.2 | 18.1 |
| Sept. | 104.0 | 92.0 | 131.0 | 90.0 | 106.0 | 102.0 | 22.2 |
| Oct. | 104.0 | 98.0 | 130.0 | 96.0 | 100.0 | 97.0 | 20.5 |
| Nov. | 107.0 | 103.0 | 132.0 | 101.0 | 101.0 | 98.0 | 19.2 |
| Dec. | 105.0 | 103.0 | 128.0 | 101.0 | 97.0 | 93.0 | 14.6 |
| 1980 | | | | | | | |
| Jan. | 107.0 | 103.0 | 127.0 | 102.0 | 61.0 | 98.0 | 13.1 |

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US$bn* |
|---|---|---|---|---|---|---|---|
| 1978 | | | | | | | |
| 4th qtr. | 122.5 | 112.9 | −206 | +534 | −458 | 106.5 | 15.77 |
| 1979 | | | | | | | |
| 1st qtr. | 108.0 | 116.9 | −1,588 | −1,215 | −235 | 107.0 | 16.78 |
| 2nd qtr. | 135.3 | 128.9 | −486 | −310 | −229 | 106.4 | 21.69 |
| 3rd qtr. | 129.8 | 128.1 | −493 | −238 | −158 | 106.8 | 23.18 |
| 4th qtr. | 129.2 | 128.9 | −745 | −674 | −157 | 103.7 | 22.54 |
| Oct. | 124.7 | 129.7 | −418 | −394 | − 96 | 104.4 | 22.49 |
| Nov. | 131.8 | 125.8 | − 75 | − 51 | + 27 | 104.1 | 22.42 |
| Dec. | 131.3 | 131.2 | −252 | −229 | − 88 | 102.6 | 22.72 |
| 1980 | | | | | | | |
| Jan. | 129.9 | 128.3 | −321 | −271 | − 74 | 100.9 | 23.71 |
| Feb. | 136.8 | 129.1 | −226 | −176 | − 52 | 100.6 | 23.23 |

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

| | M1 % | M3 % | Bank advances % | DCE £m | BS inflow | HP lending | MLR % |
|---|---|---|---|---|---|---|---|
| 1978 | | | | | | | |
| 4th qtr. | 14.9 | 11.9 | 8.6 | +1,774 | 878 | 1,584 | 12½ |
| 1979 | | | | | | | |
| 1st qtr. | 7.6 | 9.3 | 32.6 | +1,525 | 777 | 1,581 | 13 |
| 2nd qtr. | 9.7 | 17.2 | 28.5 | +2,704 | 777 | 1,867 | 14 |
| 3rd qtr. | 15.5 | 10.2 | 13.2 | +2,407 | 933 | 1,879 | 14 |
| 4th qtr. | 5.1 | 12.7 | 16.2 | +3,053 | 839 | 1,954 | 17 |
| Oct. | 15.5 | 15.2 | 14.6 | +1,565 | 544 | 663 | 14 |
| Nov. | 6.5 | 13.4 | 19.1 | +1,243 | 134 | 698 | 17 |
| Dec. | 5.1 | 12.7 | 16.2 | + 245 | 161 | 593 | 17 |
| 1980 | | | | | | | |
| Jan. | − 8.1 | 8.9 | 22.6 | + 522 | 235 | 671 | 17 |
| Feb. | | | | | 199 | | 17 |

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

| | Earn-ings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* comdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| 1978 | | | | | | | |
| 4th qtr. | 136.4 | 147.1 | 157.3 | 202.8 | 208.0 | 257.69 | 62.7 |
| 1978 | | | | | | | |
| 1st qtr. | 144.2 | 153.4 | 181.6 | 208.9 | 218.8 | 268.88 | 64.0 |
| 2nd qtr. | 147.3 | 163.3 | 168.0 | 216.5 | 225.2 | 293.55 | 67.4 |
| 3rd qtr. | 154.2 | 169.9 | 176.4 | 231.1 | 231.9 | 301.66 | 71.0 |
| 4th qtr. | 161.7 | 183.9 | 181.8 | 237.6 | 237.2 | 295.13 | 68.8 |
| Sept. | 153.6 | 172.5 | 178.2 | 233.2 | 232.6 | 301.66 | 69.8 |
| Oct. | 158.1 | 178.1 | 180.3 | 235.6 | 234.8 | 291.34 | 68.4 |
| Nov. | 162.1 | 186.0 | 181.6 | 237.7 | 237.0 | 297.22 | 68.4 |
| Dec. | 165.1 | 187.5 | 183.4 | 239.4 | 239.9 | 295.13 | 69.7 |
| 1980 | | | | | | | |
| Jan. | 162.6 | 193.4 | 188.5 | 245.3 | 244.8 | 308.69 | 71.4 |
| Feb. | | 197.2 | 191.1 | 248.8 | 246.7 | 304.27 | 73.2 |

* Not seasonally adjusted.

APPOINTMENTS

# Sir Alan Campbell joins NatWest Board

Sir Alan Campbell has been appointed to the main Board of NATIONAL WESTMINSTER BANK. Since his retirement last year as Britain's Ambassador to Italy, he has become foreign affairs adviser to Rolls-Royce and a director of Mercantile and General Reinsurance (a subsidiary of Prudential Assurance) and H. Clarkson (Holdings).

*

Lord Chalfont, Minister of State at the Foreign and Commonwealth Office (1964-1970), has been appointed a non-executive director of SHANDWICK CONSULTANTS.

*

Mr. R. J. Marshall has been appointed president of LBI (CANADA) from April 1. He will also be chief representative of Lloyds Bank International in Toronto with responsibility for the bank's activities in Canada. He succeeds Mr. D. R. McCallum, who retires from those positions but retains his seat on the Board. Mr. Marshall was formerly principal manager of the bank's Far East Division.

*

Mr. D. J. F. Hunt, Conservative MP for Wirrall, has been appointed a director of BET OMNIBUS SERVICES in place of Mr. D. E. Awdry, who has resigned.

*

Mr. R. H. Seiller, assistant managing director of Cementation International, has been appointed managing director of CEMENTATION CONSTRUCTION, succeeding Mr. Peter Maguire who has left the Trafalgar House Group.

*

Mr. Graham Clarke FCA has become financial director and company secretary of WEST'S PILING AND CONSTRUCTION and Mr. Tom Brown has been appointed contracts director. The parent concern is WGI.

*

Mr. T. A. Leonard has been appointed to the Board of H. CLARKSON INTERNATIONAL REINSURANCES.

*

Mr. George E. Putnam, Jr., senior vice president of Citibank in New York, has returned to London to take up his post as chairman and chief executive officer of CITICORP INTERNATIONAL BANK, as well as head of the Europe-Middle East-Africa Division of Citibank's merchant banking group. He will remain responsible for worldwide marketing co-ordination for international merchant banking as chairman of Citicorp International Group.

*

Mr. T. F. Bell has been appointed finance director of ROBT. BRADFORD HOBBS SAVILL, a subsidiary of the Sime Darby Group. He was previously with the Bland Payne Group.

*

Mr. Ronald J. Williams, previously marketing director of Polar Contract Motoring, has been appointed to the newly-created post of sales director, GODFREY DAVIS (CONTRACT HIRE).

*

Mr. Brian K. Green is to become president of the CONSTRUCTION SURVEYORS' INSTITUTE at the annual conference next month in place of Mr. William S. Sinclair. Mr. Desmond Holmes will be first vice-president and Mr. Michael F. A. Totley, second vice-president.

*

IMI Limited and the Cornelius Company of Minneapolis, U.S., have established a jointly-owned company called IMI CORNELIUS GROUP, at Bradford, to manufacture and market products designed for the dispense of beer and soft drinks in Europe. Mr. Roy Amos, an executive director of IMI Limited, is chairman and chief executive of the new concern and Mr. Bob Spencer, formerly chairman of IMI Paxman and Redditch Controls, is its deputy chairman.

*

Mr. N. F. Wood, group managing director of PITTARD GROUP, is to be chairman from May 8 and will be succeeded by Mr. J. W. W. Pittard as managing director. Mr. A. H. R. Noel, managing director of C. W. Pittard and Co., becomes chairman of that company, and Mr. N. W. Palmer will be managing director. Mr. C. J. Pittard resigns as chairman of Pittard Group from that date but will remain on the Board. He will also become chairman and managing director of a new company, Pittard Group Services.

*

Mr. John Scott, a partner of Clifford-Turner, has been appointed a director of NEIL AND SPENCER HOLDINGS.

## BANK RETURN

| | Wednesday Mar. 19, 1980 | Increase (+) or Decrease (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 25,343,200 | + 659,348 |
| Special Deposits | 131,935,000 | + 27,865,000 |
| Bankers Deposits | 377,755,893 | — 86,319,343 |
| Reserves & other Accounts | 702,953,949 | + 20,423,506 |
| | 1,252,441,042 | — 37,264,489 |
| ASSETS | | |
| Government Securities | 615,226,810 | — 43,900,270 |
| Advances & Other Accounts | 202,659,490 | — 7,212,460 |
| Premises Equipment & Other Secs. | 408,959,501 | + 624,046 |
| Notes | 25,331,999 | + 13,791,340 |
| Coin | 264,242 | — 32,855 |
| | 1,252,441,024 | — 37,864,489 |
| **ISSUE DEPARTMENT** | | |
| Liabilities | £ | £ |
| Notes Issued | 9,750,000,000 | — 25,000,000 |
| In Circulation | 9,724,668,001 | — 38,791,340 |
| In Banking Department | 25,331,999 | + 13,791,340 |
| ASSETS | | |
| Government Debt | 11,015,100 | — |
| Other Government Securities | 8,148,561,498 | + 237,296,019 |
| Other Securities | 1,590,423,049 | — 263,296,019 |
| | 9,750,000,000 | — 25,000,000 |

# NHS unions plan anti-Clegg campaign

By Pauline Clark, Labour Staff

PLANS for the first campaign of industrial action against a Clegg commission report were laid yesterday by union representatives of physiotherapists, radiographers and other supplementary workers in the health service.

The Association of Scientific, Technical and Managerial Staffs, one of the main unions representing the group, decided at a special health group meeting to draw up plans for a stoppage on March 27 aod a day of demonstrations outside the Houses of Parliament.

The National and Local Government Officers' Association's health service representatives will consider the commission's recent findings on pay comparability for the group today. They are expected to take a similarly firm stand against accepteing the report.

Although Professor Clegg's report on 37,000 supplementary medical staff, published last week, is supposed to hind both sides, union leaders say they cannot accept its findings.

The unions are angry at the 15.4 per cent award, wblch has been described hy Mr. Steve Johnson, NALGO health officer and staff side secretary, as an "unmitigated disaster."

After yesterday's ASTMS meeting, Mr. Reg Bird, national officer for health service members, sald the union would challenge the validity of the report.

Both unions claim the commission failed to fulfil its terms of reference.

Mr. Bird said ASTMS was angered by several points in the commission's award, including the increase to £1.50 for emergency duty and the suggestion that the pay increase should be reduced when staff were working less than 37½ hours.

The commission said yesterday that management and staff sides were both consulted during the inquiry and it felt it had fulfilled its terms of reference.

● ASTMS was granted leave by the High Court yesterday to challenge the decision of Mr. Patrick Jenkin, Social Services Secretary, to fix new emergency duty pay rates for 16,000 National Health Service laboratory scientific officers. Negotiations broke down in December, and Mr. Jenkin then fixed the rates proposed by management.

# New implications for Post Office cash talks

BY NICK GARNETT

THE POST OFFICE made it clear to union officials yesterday that the rejection earlier this week by its higgest union of a national staffing and productivity agreement will have major implications for this year's pay negotiations for postal workers.

Management met officials of the Union of Post Office Workers yesterday for what had originally been intended as its first formal response to the union's pay claim for rises of 20 per cent. This is due for settlement next month.

Negotiators told the union they could not make a formal offer because of the rejection of the new staffing proposals at the union's special conference in Bournemouth.

They wanted time to fully digest the rejection of the arrangements which the Post Office and the union's executive saw as crucial to improving postal performance. A pay offer might now be made today.

Mr. Tom Jackson, the union's general secretary told the conference that the Post Office had budgeted for pay rises of 11 per cent.

The union executive had stressed during the conference that agreement on the staffing changes would give the Post Office greater financial lee-way to deal with the claim. This failed to sway delegates.

Union officials came away from the meeting convinced that the Post Office is now inclined towards introducing some of these rejected staffing changes. These include the use of casual labour this summer, new work and more flexible promotion.

The management has been consideriog introducing casual labour during the summer without agreement with the union—which it can technically do.

There is also pressure to tie considerable staffing and productivity elements directly to the basic pay offer. This could result in producing an offer in which only a relatively small percentage rise would not be linked to agreement on staffing changes.

# Meat inspectors urged to act

BY OUR LABOUR STAFF

INDUSTRIAL ACTION by local authority meat inspectors, which could seriously disrupt meat supplies, came closer yesterday when the Association of Meat Inspectors' management committee recommended a vote for action in any ballot it organised.

The unioo, the National and Local Government Officers' Association, may ballot its 600 meat inspector members—most of whom also belong to the AMI—on industrial action to support a 10-22 per cent comparability claim.

NALGO's strike operations committee will decide next week whether to hold a ballot. The union said yesterday if the inspectors took action "the supply of home-produced meat will cease."

NALGO also said yesterday that air traffic controllers at local authority airports who strike at Easter in support of the comparability claim would receive full pay from the union.

The union is balloting its air traffic control members on a four-day strike at Easter. The controllers bave already said they are ready to take industrial action.

The union strike pay used to approach members' full pay, but it was cut tao £4 a wek after a long and expensive social workers' strike last year.

The union also said two more local councils had settled independently following the deal with Cleethorpes council which gave payments of 10-15 per cent. The employers nationally have offered 6-12 per cent.

Members employed by Nuncaton district council will receive comparability payments of 9-16 per cent and those working for Bassetlaw district council 13 per cent.

# Prior looks at CBI unions plan

BY JOHN ELLIOTT, INOUSTRIAL EDITOR

THE GOVERNMENT is to study the practical implications of the Confederation of British Industry proposal that employers be required hy law to help stage trade union ballots.

The idea was drawn up by the CBI council on Wednesday and put to Mr. James Prior, the Employment Secretary yesterday, by Sir John Methven, CBI director-general.

Mr. Prior is understood to have shown some interest in the idea, aimed at involving workers more in the decision-making of their trade unions. Government officials will discuss the practical details with the CBI.

Possible problems include how legal sanctions could he imposed on employers who did not help with ballots, and how a company would assess whether its employees wanted a ballot.

Mr. Prior promised to study the CBI idea of removing all legal immunities from workers staging secondary industrial action.

● Christian Tyler writes: The habit of some employers of photographing pickets and keeping a file of "troublemakers" could become more widespread, the pressure group Alms said yesterday.

It claimed that the Government's failure to make illegal picketing a criminal offence would force companies to keep a "Who's Who of rent-a-mob pickets," and that this would lead to violence.

The difficulty of "identifying" pickets was raised in a submission to Mr. James Prior, the Employment Secretary, on the Governoent's Employment Bill.

# Bonuses amount to 30% wage increases

By Our Labour Staff

PRODUCTIVITY bonuses being paid to Rolls-Royce's 55,000 workers in its aero-engine factories are amounting to pay rises of up to 30 per cent in some instances.

The company said yesterday that its self-financing bonus scheme was yielding increases of between 15 and 20 per cent to the majority of workers.

The bonus scheme dates from agreements reached with unions on pay in 1978 after the end of pay policy. It was decided then that future pay increases should come out of productivity and the system has since then become a substitute for the old annual pay agreements.

## Teachers' pay talks await Clegg advice

NEGOTIATIONS on the 1980 pay rise for 470,000 schoolteachers in England and Wales—due on April 1—were yesterday postponed until at least the third week in April, to await the recommendations of the Clegg Commission on Comparability, writes Michael Dixon, Education Correspondent.

The commission is still considering the teachers' unions' 1979 demand for a 38.7 per cent rise which they claimed was needed last April to restore the salary relativities awarded to teachers by the Houghton Committee in 1974.

## Tin miners say they face cancer risk

MINERS at South Crofty, the largest tin mine in Cornwall, yesterday claimed that radioactivity in the workings could have caused at least 15 cases of cancer, five of them fatal, in recent years.

The claims were made as 150 miners remained on strike for a second day and refused to go underground without free-flow air helmets.

The radioactivity comes from radon gas, which itself comes from trace elements in granite. Levels of radioactivity are higher because of seepage from adjacent abandoned workings.

# Civil servants resisting pay comparability scheme

BY PHILIP BASSETT, LABOUR STAFF

PRESSURE is building up in some Civil Service unions to pull out of the system of pay comparability, which is a key factor in determining annual increases for 600,000 white-collar civil servants.

The final stages of negotiations form any of the unions on this year's incerase, based on the Pay Research Unit's comparability studies, are now drawing to a conclusion. The reports show increases due of around 20 per cent.

The two largest unions, the Civil and Public Services Association and the Society of Civil and Public Servants, bith have executive metings today to discuss the progress of negotiations this week. And on Tuesday genral secrtaries of all the nine unions will meet to examine the overall position.

Whatever the final outcome of the present negotiations, however, there is at least a strong chance of two of the unions—the CPSA and the Institution of Professional Civil Servants—having to yield to demands at their annual conferences later in the spring to withdraw from pay research.

Such a withdrawal, apart from the obvious split it would create, would have considerable implications for other unions such as the Inland Revenue Staff Federation and the Association of Government Supervisors and Radio Officers, whose pay negotiations follow closely those of the two large unions.

Other groups, particularly those who feel they have suffered in being referred to the Clegg Commission on pay comparability, look with envy at the pay research system.

A large number of motions submitted for the CPSA conference are urging withdrawal from the system. The closing date for motions was last Friday.

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# UK NEWS—PARLIAMENT and POLITICS

## Cheers as Thatcher rebukes Churchill

By Our Foreign Staff

MR. WINSTON CHURCHILL, Tory MP for Stretford, received a stinging rebuff from the Prime Minister in the Commons yesterday.

Mrs. Thatcher told Mr. Churchill that she took "great offence" to his remarks on the result of British policy in Rhodesia.

Her rebuke—to the man she sacked as Shadow Defence Minister for defying her over Rhodesian sanctions — drew gasps from some MPs and cheers from the Opposition at Question time.

Mrs. Thatcher was clearly angered when Mr. Churchill asked: "In the light of the Foreign Office's disastrous misjudgment over Rhodesia and bearing in mind the Prime Minister's oft-avowed friendship for the state of Israel, will she make it clear that it is not part of Government policy to seek to undermine the Camp David agreement and peace of the Middle East by seeking to instal a Marxist-terrorist Government on the West Bank?"

Mrs. Thatcher retorted: "I take greet offence if I may say so at your remarks on the Foreign Office and therefore my policy on Rhodesia."

She added: "With regard to policy on the West Bank you know there are to be further talks on the Camp David agreement, and we all indeed hope there will be agreement.

## Interest rates 'will rise' if inflation battle fails

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CREATION of conditions in which employment will begin growing again will be one of the objectives behind next Wednesday's Budget, Sir Geoffrey Howe, Chancellor of the Exchequer, told the Commons yesterday.

He was answering protests from Labour MPs about the effect of Government policies on employment.

The exchanges came during the usual probings which take place during Treasury Question Time the week before the Budget.

Complaints about high interest rates drew an intriguing reply from Mr. Nigel Lawaon, Financial Secretary to the Treasury. It was suggested to him from the Conservative backbenches that if interest rates do have to rise again, then the Government should do something to protect small businessmen who are the hardest hit by the 17 per cent MLR.

Mr. Lawson replied that he profoundly hoped that it would not be necessary for interest rates to rise again but that the battle against inflation had to be the Government's top priority.

He added: "If it is necessary in the battle against inflation for interest rates to rise further, then they will have to rise."

Defending Government policies, the Chancellor told the House: "There are encouraging signs of progress in re-establishing monetary control."

Sir Geoffrey said that in the past four months, Sterling M3, the broad-based definition of money supply, had increased at an annual rate of 10 per cent and this represented a considerable slow-down in the rate of growth.

The most powerful underlying cause of inflation was the monetary growth inherited from the Labour Government. But a contributory factor in the short-term must be the level of pay settlements beyond what the country could afford.

Pay bargainers should understand that the consequences of unreasonably high settlements would be a high level of unemployment.

Mr. Dennis Canavan (Lab., Stirlingshire West) complained of yesterday's announcement by Barclays Bank of an annual profit of £529m compared with £373m the previous year. He repeated Labour's call for a windfall tax on excess bank profits.

The Chancellor told him that he could not anticipate his Budget. But it was clear from the tone of Sir Geoffrey's reply that he was cool towards the idea of any such tax.

He pointed out that the figures substantially over-stated the profit increase when inflation was taken into account. It was important that these profits should be available for lending when the economy picked up.

This message was underlined later by Mr. Lawson, who said he and the Chancellor always moved cautiously on these matters. Any such tax on the banks would involve great technical complexities.

There was a hint from Mr. John Biffen, Chief Secretary to to the Treasury, that the Budget could contain measures to help small businessmen.

He said the Government had been considering what further steps it could take to encourage what further steps it could take investments in small firms but he could not reveal any details in advance of the Budget.

Mr. Ken Lewis (C., Rutland and Stamford) said that small businessmen did not have some of the tax advantages of large manufacturing industry.

Mr. Biffen assured him that this had been under consideration and he was sure it would be borne in mind during the committee stage of the Finance Bill and thereafter.

Questioned about the high level of bankruptcies, Mr. Biffen once again took a stern line on the difficulties which lie ahead.

Any policy to reduce inflation would result in a period of "extremely uncomfortable dislocation" and bankruptcies were one manifestation of this.

Anyone who was genuine about reducing inflation and did not run away at the first moment must expect that uncomfortable consequences would have to be lived through.

## Walker demands a fairer dea[l]

BY IVOR OWEN

IF ANY member of the EEC ought to quit for not observing the Community rules, it should be France and not Britain, Mr. Peter Walker, Minister of Agriculture, maintained in the Commons last night.

In an aggressive speech he echoed the determination of the Prime Minister in demanding a fairer deal for Britain from her EEC partners.

Mr. Walker again called on France to remove the illegal barriers against Britain's lamb exports and in doing so hit out at M. Jacques Chirac, the Gaullist leader, who on Tuesday suggested that France and Germany should tell Britain to get out of the Community.

Mr. Walker quoted a Financial Times headline stating "Accept the rules or quit the game, Chirac tells UK."

He commented: "I say to M. Chirac 'That is a very good motto.'

"The only country in Europe at the present time which is not accepting the rules and which is acting illegally, and the only Government in the history of the Community which has decided to ignore a decision of the European Court for more than six months, is France."

Mr. Walker stressed that the question of Britain's lamb exports was not just a dispute between France and Britain. The EEC Commission and the other member states took the view that France was acting illegally and wrongly.

Mr. Walker anticipated that the result of the EEC Commission's application for an injunction against the French Government—expected to be heard in Luxembourg on Monday would be decided in a week or so.

"I do trust that when the decision is announced, the French Government will take the advice of M. Chirac and realise that it is very important that every member of the Community accepts the rules of the Community and abides by them."

There was no question, he said, of Britain not being Communitaire, nor of Britain being against France, nor of Britain being awkward.

But Britain produced 47 per cent of the sheep meat in the Community and this fact must be recognised in any sheep meat regime.

From the outset Britain had made it clear to the French Government and to the entire Community thet there was no wish to undermine the position of the French sheep meat producers.

The French Government was free to introduce any scheme to support French producers to whatever level it wished, but any Community-financed scheme must apply to all the sheep meat producers in all the member countries.

Mr. Walker—who pointed out that the cost of the EEC farm budget had risen from £1.6bn in 1974 to £7bn in 1979—admitted that there was little prospect of achieving "dramatic change" in the CAP in the near future.

It was because Britain was the country which suffered the most adverse results from the operation of the CAP that the Government was determined to

WALKER: warned of tough negotiations ahead

secure a "very substantial readjustment" so far as the overall EEC budget was concerned.

Mr. Walker moved a motion reaffirming that in the negotiations on common farm prices for 1980-81, Government policy was designed to secure an agreement aimed at reducing production of surpluses and the cost of the CAP.

It pledged that on sheepmeat, structures and liquor wines, agreement would be accorded to changes in existing policies and new policies only if these we[re] fully consistent with [the] essential interest of the UK.

He agreed to accept [an] Opposition amendment calli[ng] for a price freeze on milk a[nd] sugar, two commodities whi[ch] account for half the total co[st] of the CAP.

Summing up the current sta[te] of the price negotiations, M[r.] Walker said that in the main t[he] majority of the Nine wante[d] substantial increases in pric[es] beyond what the EEC Commi[s]sion had proposed.

"We have many weeks a[nd] months of tough negotiatio[ns] ahead," he warned.

Mr. Roy Mason, Labour Shadow Minister of Agr[i]culture, welcomed the Gover[n]ment's acceptance of the Opp[o]sition amendment which woul[d] be seen as an indication th[at] Mr. Walker had the backing [of] the whole House.

"The more we unite, th[e] more support we give him t[o] fight the battles of Brusse[ls] better."

Mr. Mason pressed for a co[m]plete re-appraisal of the CAP. Radical changes were needed.

"If these changes are no[t] achieved," he said, "we woul[d] have to consider whether co[n]tinued membership of th[e] Common Market was in the bes[t] interests of Britain."

Mr. Mason emphasised tha[t] the problems associated wit[h] Community surpluses, especi[]ally dairy products and sugar, demanded urgent solution.

They were an "expensive scandal" which the British tax[] payer and consumer would no[t] stand any longer.

## Complaints on milk deliveries

RETAILERS YESTERDAY complained to MPs that the majority of the large dairy companies have refused to supply them with bottled milk and instead delivered only higher priced carton milk.

Retailers' organisations gave evidence to the Commons Select Committee on Agriculture which is looking at the effects of the Common Agriculture Policy on milk and dairy products. They argued that unless a greater profit margin was achieved for the retail grocer in milk sales, there would be a marked decline in stores offering milk for sale. At present the margin per pint is half a penny.

## Monetary policy TV tussle

BY DAVID MARSH

A TELEVISED tussle in which Sir Geoffrey Howe, Professor Milton Friedman and Mr. Denis Healey all disagree with each other about how to control inflation will be served up to BBC2 viewers tomorrow night.

In the programme, the final part of the series "Free to Choose," in which Professor Friedman is setting out his free-market prescription in favour of sound money, Sir Geoffrey concedes that monetary policy alone is not enough to curb inflation.

Finding it hard to get a word in edgeways against the bellicose Mr. Healey and the insistent Professor Friedman, the Chancellor says that the weapons of monetary policy have to be augmented by efforts to cut back state control and trade union restrictive practices.

That provides sufficient fuel for a conflict. Professor Friedman, proclaiming that monetary restraint is the sole condition for lowering inflation, says that governments can halt the march of price rises simply by curbing the printing of money. The economics Nobel Prize winner is not beyond using sweeping historical analogies—it's as simple, he says, as it was during the American Civil War, when the Unionists overran the town where the Confederates had set up their printing presses—and thus halted inflation in the South for two weeks until the Confederates could find alternative money printing arrangements.

Mr. Healey, though proudly making the point that he was the first British Chancellor to introduce monetary targets, thoroughly disagrees.

He comes out in favour of a mixed policy of demand management and monetary control combined with "some sort of pay policy." He cites the cases of Austria and West Germany in particular.

Although Sir Geoffrey somewhat daintily accuses him at one point during the debate of being "incorrigible," Mr. Healey is loath to avoid the chance of indulging in what Sir Geoffrey, also in a tone of hurt disparagement, calls "political knockabouts."

Mr. Healey declares that he is not against giving a man a dose of quinine if he is suffering from fever. But the present Government's policy for "three years of unparalleled austerity" is equivalent to giving a man "a pint of quinine for breakfast, a pint for lunch and a pint for dinner and telling him he's not to eat or drink anything else for three years."

## Ban on rugby players

RUGBY players in the armed forces or civil service who are called on to join the British Lions team to tour South Africa will face the same ban on paid leave as British athletes who want to go to the Moscow Olympics, the Govenment said yesterday.

Although the 30-strong Lions team announced on Monday contains no civil servants or servicemen, it is common for extra players to join the tour midway to replace players who get injured.

One member of the party, England winger John Carleton, already faces losing his teaching job because his employers, the local education authority, have refused to allow him paid leave for the tour.

But Carleton says he is determined to go on the three-month tour.

## EEC farm prices boost rejected

BY PHILIP RAWSTORNE

MRS. MARGARET THATCHER yesterday clearly reaffirmed the Government's tough stand on the EEC budget and farm prices.

In a series of Commons exchanges with Mr. James Callaghan, the Prime Minister set out the main lines of Government policy.

In the last resort, the Government would have to consider withholding her VAT contributions to the EEC, she said.

And she stamped firmly on any idea that the Government would accept the 7.9 per cent increase in farm prices proposed by the European Parliament's agriculture committee.

Challenged by Mr. Callaghan to clarify "conflicting reports" on the Government's epproech to the issues, Mrs. Thatcher repeated that she was "prepared for e compromise, but we have little room for manoeuvre."

She declared: "In the last resort, we shall have to consider withholding our VAT contributions—and let there be no doubt about that.

"As far as the budget is concerned and a number of other metters which we do need to settle—fish, agricultural prices, sheepmeat—we shall continue to treat each item on its merits."

It was the Government's intention to stick to its demands for a price freeze on agricultural products which were at present in surplus, she added.

Mr. Callaghan retorted thet the Commons had twice resolved that Britain's contributions should at least be no greater than her receipts from the EEC budget.

"I edhere strictly to the phrase I used after Dublin," said Mrs. Thatcher—"There has to be a compromise but I have not very much room to manoeuvre."

Mr. Callaghan said that he did not wish to tie the Government's hands in its negotiations—"But if you wish still to command our support, it is important to know where you are leading us."

The Prime Minister was pressed on the question of ferm prices by Mr. Fergus Montgomery (C., Altrinchem and Sale).

The European Parliament's agriculture committee proposal of a 7.9 per cent increase would raise food prices in Britain by 3.5 per cent, he said.

Mrs. Thatcher replied: "I can give you the assurance that we have no intention of supporting any such figure—or anything like it."



ELINOR GOODMAN ON THE UNDERHILL REPORT

## Crusade to expose the Trotskyists

LORD UNDERHILL'S five-year crusade to expose the Trotskyists within the Labour Party came to a head yesterday. With the half-hearted consent of the party's national executive, Labour's former national agent published the mountain of evidence he has collected to support his claim that members of the militant tendency are using the Labour Party to further their aim of precipitating a world revolution.

The 20 documents—all published by Militant itself—give strong support to the view that Militant is in clear breach of the Labour Party's rules. They also suggest that unless the party improves its own organisation and educational efforts among the young, Militant could cause considerable problems in some areas in the future.

### Devotion

If nothing else, judging by the rhetoric used in some of the documents, they could deter any ordinary Labour voter from joining their local party for fear of being swamped by the revolutionary outpourings of Engels, Lenin and Marx.

Among the lengthy quotations from Trotsky and Marx, the swipes at rival Left-wing factions and the progress reports from anonymous members like "B" in London and "K" in Basildon, a clear picture emerges of a small, but totally dedicated group with its own policy, propoganda machine, newspaper and organisation, backed up by a number of full-time workers and a network of "cadres" and "editorial boards" around the country.

The group, which probably consists of not more than 2,000 members in all, seems to thrive in the steamy atmosphere of conspiracy and many of the meetings are secret. Only supporters who have demonstrated their devotion to the cause are allowed to attend, if Lord Underhill's informants are to be believed.

Their aim is to create "cadres" within the Labour Party which can form the nuclei of a "mass Bolshevic party" in the next few years. According to Lord Underhill, who dedicated most of his working life in the Labour Party to ridding it of what he considered to be extreme Left-wing elements, Militant is the "first Trotskyist group to bury itself within the heart of the Labour Party."

He believes that they will never gain control of the Labour Party, but he is very concerned about the damaging effects he feels they could have on the Labour movement—both in terms of losing votes and detering would-be members. At present, he believes, they are an influence in perhaps 60 constituencies.

Publication of the report is likely to increase the pressure on the National Executive from moderate MPs — particularly those with Militant members causing them trouble in their constituencies—to expose Militants and make it clear that they have no role in today's Labour Party.

In the short term, the report could prove to be a vote loser in so far as it feeds the "reds under the beds" stories, though Lord Underhill deliberately waited until after Southend East by-election to publish it and the documents themselves are not written in such a way as to encourage mass readership.

Some Left-wingers may also want to dissociate themselves from Militant on the grounds that it gives the Left a bad name and could lose the party votes. But other Labour MPs may argue that the documents just prove ho wirrelevant Militant is in the real world and that, as a "broad church," the party should be able to accommodate such types.

Certainly, Militant supporters seem to speak a different language from that of most Tribunite MPs (whom they despise), let alone the average Labour voter. For them Healyite is a term of abuse, but it refers not to the policies of the former Chancellor but to Jerry Healy, the leader of another Left-wing faction.

The report shows that the group has links with others abroad equally pledged to world revolution. The Labour Party itself is a member of Socialist International but Militant has found it necessary to join a new international organisation which it sees as the "germ of the mighty workers' international which will, within the next decade, become the decisive force on this planet."

The group approaches its subjects with a deadly earnestness which makes no allowances for slackers, revisionists or waverers. Members are told, with the sternness which runs through all the documents, that they must have a very good excuse for not attending meetings. They are advised on the precise procedure for attracting new recruits in articles like "our work among black youth" and "unemployed and student caucuses."

Some of the evidence in Lord Underhill's report goes back to 1973 although the most recent document in the dossier refers to 1978. Since then, several disillusioned former members have come forward with more anecdotal evidence about Militant.

From facts mentioned in the various documents, Lord Underhill estimates that there are nine political workers at the Party's centre together with another four employees working at Militant's own print shop.

### Threat

In addition, he believes, there is one person working on the international side, together with eight regional field workers as well as a number of full time paper sellers.

A staff of this size might not seem to pose a threat to the mighty Transport House. However, party rules forbid any group within the Party from having its own organisation.

Its national organisation, Lord Underhill claims, is composed of trained "cadres" (their word not his), area organisations and local editorial boards with a national editorial board at the top. The groups also hold training schools, and set up caucuses to work in various spheres, most notably trade unions and trade councils.

All this is carried out within the framework of its membership of the Labour Party. Its links within the Labour Party are fundamental to its strategy. "The working class, particularly in Britain," one document says, "always moves through its official and transitional organisations first." Entryism in Militant circles is not, therefore, a dirty word. It is a goal, and members are instructed about how best to create cadres within the Labour Party.

The documents are less precise about the degree to which Militant has suceeded in penetrating either the Labour Party or the trade union movement. The latest figures in the documents relating to membership are for 1975 when Militant was claiming 600 members and 22 full time workers. Lord Underhill now estimates membership is nearer 2,000.

Nor do the documents reveal much about its finances. Lord Underhill's recent informers say they were paying a subscription of £5 a month for fully paid up supporters and 50p a week for students.

For the most part, its claims about membership are vague and surprisingly modest in view of the fact that the claims are included in documents which were being distributed to its own supporters who would presumably be encouraged by reports of rapidly rising membership.

In each edition of the "Bulletin"—the organisation's monthly publication—there are progress reports from various areas. Taken together, they back up reports thet Militant has a very strong hold on the Young Socialists — which has one guaranteed seat on Labour's Executive—but in isolation the numbers seem small.

In 1978, for example, the East Wales cadre was claiming supporters in nine of the 16 parties in the district. It also said that it wss sending a few delegates to the Regional Conference. Moribund constituencies, it stresses elsewhere in its literature, are prime candidates for takeover and every attempt should be made to exploit such situations.

In some areas, it has been more successful in getting representatives on to the local trade councils and much of its recruitment effort has been directed at the unions. In 1976, for example, it was claiming with pride that the most politically significant thing about TASS's annual conference was the fact that a resolution containing Militant's point of view on the economy was passed.

But it has been among young people that Militant claims its biggest successes. In 1978, Militant told readers of the Bulletin that it controlled 22 youth branches in the West Midlands, while in the West and North Yorkshire it was claiming a "massive majority in the regional youth field."

Labour rules prevent groups within the party having their own policies, organisation or separate propoganda machines. They also bar any group which puts up candidates of its own against official Labour ones. This is an offence which Militant—unlike the Right-wing Social Democratic Alliance—has been very careful not to commit, although a number of its supporters have stood as unsuccessful Labour candidates.

Lord Underhill believes his documents show that Militant is in breach of the rules on all the other counts and the signs yesterday were that some Left-wingers on the party's Executive agreed and were uneasy about the way Militant was homing in on the unions in particular.

### Perspective

Nevertheless, the Executive has repeatedly refused to indulge in what it has claimed would be a "witch hunt" of the Left before. In 1975, Lord Underhill submitted a document on Entryist Activities to the Executive which it—and later the party's conference—decided not to pursue then.

The Executive was hardly keen, to say the least, about Lord Underhill publishing his report yesterday and the organisation sub-committee may argue against pursuing the matter any further at its next meeting.

Yesterday, Mr. Eric Heffer, the chairman of the organisation committee, said it was important that the whole question of "tendencies" did not get out of perspective.

Much of yesterday's report has already appeared in various ways over the years. But Lord Underhill has updated his evidence over the last few weeks. He is hoping that the sheer weight of the evidence he has now produced will persuade the Party it must act now to stop Militant's influence from growing.

Yesterday, he challenged the Executive to endorse his view that Militant's views had nothing to do with Labour Party policy and to do everything they could to expose them. He stopped short, however, of demanding their expulsion from the party even though he claimed his evidence showed that they were in breach of the rules.

The report will be sent to constituencies throughout the country. Lord Underhill's aim is to alert them to the danger Militant poses. Those constituencies with Militant members already active in them are probably only too well aware of the problems created.

More worrying for the Labour movement as a whole, however, is its failure to attract young people to its own ranks. And this is a concern which all members of Labour's sometimes strife-torn Executive share.

## Census won't include ethnic origin query

BY LISA WOOD

A CONTROVERSIAL question on a person's race or ethnic origin has been abandoned by the Government in its proposala for the 1981 Census of Population.

Mr. Patrick Jenkin, Secretary of State for Social Services, who laid a draft order in Parliament yesterday to enable the census to take place on April 5, 1981, said: "There will be no ethnic question."

The Government has also abondoned questions on year of entry to the UK and naturalisation or registration as a citizen of the UK and Colonies, and nationality for those born outside the UK and the Irish Republic.

The proposal that the 1981 census should contain a question on race or ethnic origin was made in a White Paper in 1978. But the former Labour Government said that the form of the question would be decided after finding out whether or not the question was acceptable to the public.

A series of tests and surveys were carried out, the last at Haringey in 1979. The test aroused much controversey and only 54 per cent of the 56,000 households in the area returned their forms compared with the 70 per cent which was expected.

Only 14 per cent of the West Indian and 34 per cent of the Asian households returned them with answers to the direct ethnic question all correctly completed.

Mr. Jenkin said: "It was clear from the Haringey test and consultations that the ethnic question was not viable. There was a real risk that the inclusion of this question could jeopardise the census as a whole."

He said that the Government did want information on ethnic origin minorities, often living in areas of greatest need where resources needed to be directed, but "this was no way to do it." Other sources of information on ethnic origin were available to the Government, he said.

A question on country of birth will however be included in the census.

In the past other questions which have aroused widespread public dissatisfaction have been dropped from, or not included in, the Census.

However, there have been some in favour of a question on ethnic origin. The proposal was supported by the Commission for Racial Equality and the Social Research Association, who said that reliable information was necessary in order to meet the needs of minority communities

## UK NEWS—MONETARY CONTROL GREEN PAPER

# Improving short-term money control

BY PETER RIDDELL AND DAVID MARSH

SEVERAL major improvements in achieving short-term monetary control for up to a year are discussed in a coosultation paper published yesterday by the Treasury and the Bank of England.

The problem of short-term control is defined as essentially a question of the way changes in short-term interest rates are brought about.

The Green Paper, entitled Monetary Control, considers the main instruments for controlling the money supply and examines both current features such as the supplementary special deposit scheme (the corset) and the reserve assets ratio and special deposits.

## Arrangements

It also considers in some detail more radical possibilities, such aa forms of monetary base control and indicator schemes under which interest rates are changed automatically in response to changes in the money supply. Such techniques are intended to smooth the growth of the money supply from quarter to quarter.

Discussing present arrangements, the Treasury and the Bank suggest that the corset is near the end of its useful life, and should be phased out as soon as convenient. Moreover, the requirement to maintain the 12½ per cent reserve assets ratio appears no longer necessary, as a means either of influencing interest rates or of affecting the rata of growth of banks' balance sheets.

It is proposed that the ratio should lapse as soon as consultations have been completed—and new requirements agreed—on prudential liquidity.

The Bank yesterday issued a parallel consultation document on the need for holding liquid assets for prudential reasons.

The joint paper argues that some cash requirement is needed, to act as a fulcrum for the Bank when it wishes to generate interest rate changes. It proposes that the present requirements, which apply only to the London clearing banks, should be replaced by one which applies more generally. The Bank will issue a detailed discussion paper on this.

The special deposit scheme should be retained to guard against tha possible effects of excess liquidity in the banking system as a whole.

The joint paper says these changes would leave the way open for further developments after discussion on the consultation paper if it were decided to proceed with them.

The Treasury and the Bank have reservations about the various monetary base and indicator schemes which are set ont in the consultation paper, particularly about the former. They intend to consult widely on surmounting these difficulties and the advantages of a scheme of either broad type.

The consultations will take place over the next six months and the Treasury and the Bank will welcome written comments. These should be aent, preferably in the next two months, to either the home finance group of the Treasury or the money markets division of the Bank, with envelopes marked "Consultative Paper."

The Bank will discuss with those concerned, notably the British Bankers' Association, proposala for prudential liquidity requirements discussed in the special paper published yesterday and for the cash requirement (covered by a further detailed note to be produced later).

The joint paper concentrates on the distinction between the short- and the medium-term aspects of monetary control. It notes that the principal means of achieving the objective of monetary control must be "fiscal policy—both public expenditure and tax policy—and interest rates. These are sufficient to control the growth of the money stock in the medium term. But the time lags in the system are such that they can take up to a year or so to bring monetary growth back to the desired trend once a substantial divergence has been identified. Direct quantitative controls are not an alternative, since to the extent that they do not change interest rates, they tend, over time, to divert and change the forms of liquidity and credit without affecting underlying monetary conditions."

The introduction to the Green Paper explains the role of monetary targets and monetary policy in the Government's overall economic strategy.

"The relationship between the rate of growth of the money stock and the growth of prices and incomes is complex. They can diverge in the short run, but there are strong grounds for believing that they will not diverge significantly over a period of years. The Government's policy is therefore to sustain downward pressure on prices by a progressive reduction of the rate of growth of the money supply over a period of years."

The Green Paper states that "the first requirement is that the authorities should have the means to control the money supply over the medium term in order to bring down the trend.

Second, it is desirable for the authorities to have at their disposal instruments to moderate short-term fluctuations in monetary growth as the treod is being reduced. Excessive short-term fluctuations may cause uncertaioty about the Government's resolve and its ability to control monetary growth.

## Measure

"The main instruments must continue to be fiscal policy and interest rates. The Government is satisfied that these provide the means to achieve its medium term monetary objectives. In particular it intends to bring down over time the public sector borrowing requirement as a proportion of national output. But there may be room for improvement in monetary control over shorter periods."

The paper notes that "no single statistical measure of the money supply can be expected fully to encapsulate monetary conditions and so provide a uniquely correct basis for controlling the complex relationships between monetary growth and prices and national income.

"The Government believes that its monetary policy can best be formulated if it sets targets for the growth of one of its aggregates, against which progress can be assessed.

"As no one aggregate is by itself a sufficient measure of monetary conditions it could be argued that there should be targets for several or all. But this would make it much more difficult for the market and the public to appraise the determination of the authorities to meet their monetary objectives. In the short run, the various aggregates respond differently and with different speeds to changes in interest rates so that seemingly inconsistent measures might be needed to meet the various targets. The Government therefore believes that targets are best set in terms of a single aggregate.

"If one aggregate is to be chosen for the target, there seems to be considerable agreement that sterling M3 best suits the present circumstances of the UK. It is well understood in the markets. It indicates links with the other policies—fiscal policy, debt marketing policies, policies to restrain bank credit and exchange market management—and gives a general assurance that the macro-economic policies available to the Government will be used in ways which mutually support each other in the reduction of inflation. It is also relatively easy to define in terms of the banking system."

Consequently, the Government intends to formulate the monetary target in relation to one aggregate, to continue to use sterling M3 for this purpose, and to take account of the growth of other aggregates, directing policy to progressive and sustained reduction in the rate of growth of all, although not necessarily by the same amount.

*Monetary Control, Command 7858, available from the Stationery Office, price £2.50.*

## Summary of main points

- Means already exist to achieve medium-term monetary objectives through fiscal policy and interest rates. Over time, the public sector borrowing requirement to be brought down as a proportion of national output.
- Monetary targets continued to be expressed in terms of sterling M3.
- Need to consider possible improvements in monetary control over shorter periods in order to produce smoother growth from quarter to quarter.
- The supplementary special deposits scheme (the corset), has come to the end of its useful life, and should be phased out as soon as is convenient.
- The 12½ per cent reserve assets ratio is no longer needed for the purpose of monetary control, and should also be phased out in due course.
- Adequate prudential standards of liquidity have to be maintained; and a parallel consultative document is being issued.
- The present cash requirement, which currently applies only to the London clearing banks, will be applied more generally.
- The system of special deposits is to be retained to guard against possible adverse effects of excess liquidity in the banking system.
- None of the schemes of monetary base control with a mandatory requirement to hold base assets appear to give a reasonable prospect of producing desired results and might involve severe practical difficulties. But views are welcomed on whether any difficulties can be surmounted.
- Views are also welcomed on whether an indicator system of automatically adjusting the Bank's lending rate would, on balance, be advantageous.
- Consultation period of six months.

# Cash requirement would provide tool for Bank

ONE OF the most important proposals in the Green Paper is for an extension of the system under which commercial banks are required to hold cash balances at the Bank of England. This cash requirement would thus become of more general use to the Bank as a means of controlling the money supply through measures to influence short-term interest rates on the money market.

The Bank and tha Treasury also suggests other important modifications to the system of controls. The Paper says that both the supplementary special deposits scheme (the "corset") and the 12½ per cent reserve assets ratio are no longer required for the purpose of monetary control, and proposes phasing out these instruments. But it suggests that the system of special deposits should be retained.

## Announced

Under the "corset" system the authorities set a guideline for the growth of banks' interest bearing eligible liabilities, an important component of their deposits. The target is expressed as a percentage rate of increasa compared with the average level of a specified base period. The Bank of England penalises banks which exceed the rate of growth by requiring them to place with it a fixed percentage of non-interest bearing deposits, which increases progressively with the rate of excess.

The Chancellor has already announced, in November, that the "corset" should not be viewed as a permanent instrument of control. The green paper does not add significantly to this other than stating that the scheme has come to the end of its useful life and should be phased out "when convenient."

The reserve assets ratio requires banks to hold at least 12½ per cent of their eligible liabilities, on a daily basis, in reserve assets. These consist essentially of balances at the Bank of England, securities which the Bank is normally prepared to buy in its open market operations, or money at call with the discount market.

The special deposits scheme is a flexible instrument allowing the Bank to call for interest-bearing deposits from the banks at some certain percentage of their eligible liabilities in order to restrain or relax liquidity in the banking system.

The paper sets out the authorities' broad view devised features of a monetary control system, and also comments on the specific merits and disadvantages of the present methods. Using the basic weapons—fiscal policy, gilt-edged funding and variations in short term interest rates—the Bank and Treasury can achieve what the paper terms as "the first requisite of control of the money supply—control, say, over a year or more." But these basic methods do not eliminate substantial swings in the rate of monetary growth not only from month to month, but also from quarter to quarter.

Such precise month to month control is not necessary to achieve the desired restraining impact of monetary growth on increases in prices and incomes, since this is essentially a medium term relationship.

But there is inevitably an advantage in shortening the period in which it is possible to exercise control. "If there were smoother growth of the money supply from quarter to quarter, there would be more complete confidence in the Government's policies, and so expectations could be affected favourably to a greater extent—both in the financial markets and elsewhere in the economy."

The main purpose of introducing additional quantitative methods of control to supplement the main instruments has been to reduce the need for raising interest rates, at least in the short term, by causing the banks to ration their lending.

A particular reason for the introduction of the "corset" was the desire to affect relative interest rates—especially those on bank deposits vis a vis other short term assets—to a greater extent than could be achieved via the more general instruments of Minimum Lending Rate and open market operations.

However, there are several drawbacks to such controls. To be effective, such an instrument will almost certainly reduce competition within the controlled sector and between that sector and uncontrolled institutions doing similar business. There may also be prudential risks as —almost by definition — uncontrolled business will be less regulated by the monetary authorities.

## Difficulties

There is additionally the danger that funds are disintermediated — that is, business moves increasingly outside the controlled sector. This results in the chosen monetary aggregate — sterling M3? — understating monetary growth.

If the control is occasional and temporary, such costs and risks become less significant. But there can still be difficulties in a temporary system as institutions can anticipate the reintroduction of controls that have been dismantled and so actually precipitate such action. The paper says it has at least been possible to monitor the main form of disintermediation under the corset scheme, the growth of acceptance credit. But the measurement of distortions caused by quantitative controls like the "corset" has been made more difficult following the abolition of exchange controls, as UK residents are now free to transact business abroad in sterling and foreign currency.

The risk of disintermediation cannot be avoided whatever new method of monetary control is introduced. But at least any innovation should not provide a significant incentive to this taking place. Furthermore, the paper says that any change to be implemented must be consistent with membership of the exchange rate mechanism of the European Monetary System in case the Government decided to join.

## Paper

The present cash requirement system, which the paper proposes enlarging, calls for the London clearing banks to hold balances with the Bank of England amounting to 1½ per cent of their eligible liabilities. This cash requirement, rather than the reserve asset ratio, is effectively the fulcrum on which the Bank of England works when it seeks to affect short-term interest rates through its money market operations. The paper suggests applying this requirement more generally by calling for all banks and licensed deposit-taking institutions above a minimum size to hold cash balances with the bank.

The bank will issue a more detailed paper for discussion about the amount, form, and calculation of the requirement.

The reserve asset requirement had its origins in banks' customary holdings of liquid assets for prudential reasons.

It was intended that the ratio should be used in conjunction with special deposits — which were introduced in 1960—to mop up any abnormal excess liquid assets in the banking system. Additionally, it was thought that occasionally the ratio would go further than this and require the banking system to seek to dispose of assets not eligible as reserve assets.

However, it has become apparent that the use of joint reserve asset and special deposit requirements presents particular short-term difficulties. The asset ratio distorts the yield relationship between short-term assets qualifying as reserve assets and others. This distortion helps to inhibit the development of a broader market in shorter-term public sector debt which might otherwise contribute to better control of some of the monetary aggregates.

Since the asset ratio is no longer judged as necessary to help influence short term interest rates, the authorities propose ending the requirement. They suggest phasing it out "in due course" as soon as consultations have been completed on proposed new prudential requirements, needed to ensure that adequate standards of liquidity are maintained.

However, it is proposed that the special deposits scheme should be retained to guard against the possible adverse effects of excess liquidity in the banking system as a whole.

# Difficulties of regulating supply system

THE GREEN Paper says there would be severe practical difficulties in running a monetary base system for money supply control in which the markets were left to dictate both the timing and extent of interest rate changes.

However, the consultative documents suggests that a moneytar base indicator scheme —as opposed to a control system—might be more praticable.

The concept of a monetary base scheme is that banks keep at least a known proportion of their deposits in base money. This can be specified as bankers' deposits at the central bank, and may also include notes and coin held by the banks and/or—the public. The banks maintain deposits in this form either because of a maodatory requirement or for prudential reasons.

If the authorities elect to use the monetary base as a direct means of control, they will regulate the amount of base money in existence and thus the total growth of the money supply, since the banks' balance sheets cannot exceed a specified multiple of the base.

In this case, if there is a tendency for the money supply to grow too fast, banks compete in an effort to secure the base assets which they require to match the growth in deposits, thus increasing interest rates. This approach allows the markets to generate the interest rates necessary to bring the rate of money supply growth back towards the desired path.

The paper suggests there is no case for any kind of monetary base control scheme which does not entail a mandatory requirement to hold base assets would also be difficult to operate with precision, and would be unlikely to produce the desired results.

Examining in detail possible schemes which do not involve a maodatory requirement, the Green Paper says that such a system would not be practicable and would also be unlikely that it would lead to a more even growth of the money supply.

In such a scheme, where the bankers' need for base money stems from their own requirements for operating their business rather than from a set of requirements laid down by the authorities, the requirements for base money would have to bear a fairly stable relationship over time with banks total liabilities.

"With the present financial structure in the UK, this relationship is most unlikely to be achieved." The paper says that if the present mandatory requirement applying to the Loodon clearing banks were removed—and not replaced by a more general one—banks' requirement for cash balances would depend far more on the total level of transactions and type of business than on the aize of balance sheets.

For a tolerably stable relationship to exist, it would probably be necessary for the banks' holdings of the base to stem from their need for liquidity rather than for transactions balances.

To establish such a relationship, there would have to be a major change in the structure of the money markets. Such a change would need the Bank of England to withdraw its support for the market as the lender of last resort, thus making banks balances at the Bank the only effective form of primary liquidity.

This type of close relationship could be established only at the cost of institutional changes making for a less flexible money market. Even if this were done, it would be doubtful if the growth of the money supply could be controlled more evenly under such a scheme.

The banks' liquidity requirements are not absolute and would, in the absence of a mandatory ratio, vary somewhat from time to time. For instance, if the banks' primary liquidity ratio moved from 10 per cent to 9 per cent over a period, it would permit the percentage money growth to be some 10 percentage points more than the growth of the base over that period.

Turning to possibilities for control schemes with a mandatory monetary base requirement, the Green Paper examioes three variants for expressing the relationship between the base and deposits. All these schemes would involve practical operational difficulties and it is doubtful whether any would produce the desired results.

The three variants are:

- Lagged accounting—as in the U.S.—where current base requirements are fixed by reference to deposits over a previous period.
- Current accounting—as in the present reserve asset ratio—where required base assets relate to the same make-up date as the relative deposits.
- Lead accounting—where the holding of base assets would put a limit on deposits at some future date.

The paper says that lead accounting would be attractive as it would give a warning about the immediate future development of the money supply as forecast by the banks. But this would depend on the ability of banks to predict their future balance sheets and to control them to achieve that forecast. Thia would be difficult given banks' uncertainty about calls on their facilities—both overdrafts and term loans.

Lagged or current accounting requirements would also run into problems. In the case of a lagged requirement, the total balance sheets of all the banks on one make-up day would determine the holding of monetary base assets they would be required to hold on some later date.

So the amount of assets required on a particular day would be pre-determined by what has already happened—and that amount might not correspond to the level of the base desired by the authorities at that time. The situation with current accounting is similar, since by the time the banks would know their requirement for the base, it would be too late to change it if the total differed from the level desired by the authorities.

# Indicator systems triggering changes

THE CONSULTATION paper also discusses indicator systems—under which aterling M3 or the monetary base would be used to trigger changes in the Bank of England's lending rate according to a predetermined formula.

If the path of money supply or the base was different from the desired path, changes in lending rate would follow automatically unless specifically overridden. A difficulty with these schemes is the risk that changes would be triggered by erratic fluctuations or oerversely by external flows. There would therefore need to be some power to override the trigger. There is also no guarantee that the interest rate changes would be such as to produce a steadier growth in sterling M3 in line with the target.

In detail the paper points out that under an indicator system related to the monetary base, if the divergence between the actual and the target monetary base could help determioe short-term interest rates, then the divergence between the actual growth of sterling M3 and its intended trend could be used directly and thus more appropriately for this purpose—as well as being operationally simpler. Moreover, there would ba relatively little time lag between the availability of figures for such a monetary base and for the money supply itself.

Under a system related to sterling M3, if the scheme were to give a significant time advantage over the present position, in which discretionary decisions by the authorities are based on monthly data, it might be desirable to base the figures on the weekly series for the money supply, which are currently collated by the Bank of England on a sample basis—although they are still experimental — and further work would be required before they were ready to be used in this way. But the system would be as fallible as the data on which it is based. There are problems of accuracy of measurement and of seasonal adjustment, which would be serious with a nawly introduced statistical series.

Such a scheme might broadly work in the following way: there would be a pre-set graduated scale of adjustments to the Bank's lending rate to deviations of sterling M3 from its target path. This scale would be varied as experience was gained.

On the assumption that weekly money figures were used, the Bank would every Thursday announce the money figures for the Wednesday eight days earlier and/or the moving average (of, say, four or five weeks' figures) being used. The Bank would also announce MLR, as at present, together with any change triggered by the money figures. MLR plus or minus this change would be the operative rate for lending to the discount market in the following week.

The authorities would also announce the size of the Treasury bill tender for the following day (Friday); currently the size of the tender is announced a week in advance.

The extent to which the operative rate could diverge from MLR would need to have an upper limit, at least initially. In practice, the authorities consider that, at most, 3 per cent above MLR might sensibly be the largest figure imposed on the system at the start. Within this overall limit, which could also operate below MLR, there could be a number of triggers, say three of 1 per cent each. Deviations in monetary growth which left the system persistently operating towards one end of the range of official rates would suggest a need for MLR itself to be changed.

These arrangements should provide added assurance that interest rates would be adjusted promptly in response to a divergence from the target rate of monetary growth, and that such adjustments would be continued until the money supply cama back on course.

Uncertainty about the future course of short-term interest rates would be likely to continue to affect the gilt-edged market periodically in the short run.

The main advantage claimad for such an automatic arrangement over the present one is that it could reduce what may be a bias towards delay. The causes of movements in the monthly supply are frequently difficult to assess confidently on the basis of one month's figures, and short term forecasts are hazardous.

On the other hand, there will also be cases under an automatic system when an adjustment is triggered by transient and erratic fluctuations in monetary growth; this might increase variability not only of short term interest rates but arguably of the monetary aggregate itself.

It would seem desirable that there should be a power for the authorities to override automatic interest rate changes; for example, if the Government decided that the correct policy response to the growth in the money supply deviating from the target was a fiscal one, rather than an interest rate one, particularly in a pre-Budget period.

Any automatic system linking the Bank's lending rate to the money supply would of course preclude the use of the authorities' influence over the interest rates for any other purpose. It would, for example, be impossible to use short-term interest rate changes as a response to the strength or weakness of sterling.

The difference between the present discretionary system and an automatic system with override is that the authorities would have to justify delaying a change in either direction, rather than the present situation where the presumption is that the authorities must justify making the change, particularly in an upward direction.

BANK OF ENGLAND DISCUSSION PAPER

# Assessing liquidity of the banks

THE BANK OF ENGLAND yesterday published a discussion paper setting a proposed new framework for assessing the adequacy of banks' liquidity. Banks need a minimum level of liquidity, or cash resources, in order to meet their obligations on a day to day basis.

The following is a synopsis of the discussion paper.

There are in principle two approaches to measuring banks' liquidity. The first compares the available liquid assets with either total liabilities or certain categories of liabilities. This "snapshot" approach is intended to provide an estimate of a bank's ability to survive a sudden withdrawal of deposits by utilising its stock of liquid assets. The second approach, which is the one now most commonly adopted by banks in conducting their own operations, is a dynamic extension of this, and assesses the ability of a bank to meet its commitments by examining the known flows of funds both on a particular day and in the future.

The Bank proposes to introduce a test which will be a combination of these two approaches by developing a measure of the likely liquidity needs of a bank, as the sum of two parts: one satisfying its needs for immediate liquidity (e.g., in case of withdrawals of sight deposits); and the other satisfying needs for liquidity arising because of unforeseeable difficulties in financing the bank's known future commitments.

In constructing an integrated measure the Bank has distinguished between:

- liabilities and assets which are maturity-certain; e.g., fixed-term deposits and loans with fixed maturity dates or contractual repayment schedules;
- liabilities and assets which are maturity-uncertain; e.g., deposit liabilities contractually on demand or at call or short notice which is customarily waived, and loans in the form of overdrafts;
- assets which may have a fixed maturity date, but which can be mobilised sooner because they are normally readily marketable—e.g., Treasury Bills, or CDs.

The integrated measure which the Bank proposes involves establishing for each bank an estimate of its likely need for liquid assets which will be made up of two components—a proportion of its gross maturity-uncertain liabilities, together with a proportion of any net liability position arising from its maturity-certain liabilities and assets in a range of time bands, with the proportions relating to the net liability positions in the nearer bands being larger than those in the later bands.

The proposed proportions or coefficients are tentative pending working experience of the integrated test, but as a start, and on the basis of existing statistical information, the Bank proposes the following:

| | Expected Liquid Asset Cover % |
|---|---|
| Maturity - uncertain liabilities | 25 |
| Gross market deposits from banks up to 1 month | 100 |
| Irrevocable undrawn standbys given to banks | 100 |
| Net liabilities on maturity - certain business: | |
| Up to 8 days | 90 |
| 8 days to 1 month | 75 |
| 1 to 3 months | 50 |
| 3 to 6 months | 25 |
| 6 to 12 months | 15 |
| over 1 year | 5 |

The key characteristics of a liquid asset are that it should carry negligible credit or counter-party risk: and that it should either be very close to its maturity or carry minimal forced sale risk—i.e., that it should always be capable of conversion at short notice into cash at or close to its balance sheet value.

On this basis, the Bank proposes that the following should be classified as liquid assets for the purposes of the integrated test: cash, balances with the Bank of England (excluding special deposits),* call money with the London Discount Market Association,* UK and Northern Ireland Treasury Bills, Local authority bills and bank bills eligible for re-discount at the Bank of England,* British Government Stocks with less than one year to maturity,* Market loans to banks up to one month, secured money at call with recognised stock exchange money brokers and gilt-edged jobbers, loans to Local Authorities up to one month, non-eligible bills with less than three months to maturity, Certificates of Deposit and certain marketable promissory notes with less than three months to maturity, British Government Stocks with between one and five years to maturity, Northern Ireland Government Stocks with less than five years to maturity, Local Authority and public corporation marketable securities with less than five years to maturity, gold, and irrevocable undrawn standby facilities from other banks (possibly identified by payment of a fee).

The Bank considers that, for the protection of the system as a whole, banks should be required to hold part of their estimated need for liquidity in the form of primary liquidity. Sterling assets which, in the opinion of the Bank, qualify as primary liquidity are indicated by an asterisk in the list above.

In order that banks are able to use primary liquid assets when necessary, the requirement will be expressed as a norm; that is to say, it would be satisfied by banks maintaining on an average basis over a period the required level of primary liquid assets. Special deposits — which for monetary policy reasons will continue to be required to be held on a daily basis—will NOT be liquid assets because they are not at the free disposal of the banks.

Included in the proposed composition of primary liquid assets are holdings of bills eligible for re-discount at the Bank of England. The Bank proposes to take the opportunity of its review of the measurement of banks' liquidity to discuss eligibility.

The Bank has concluded that all banks should hold some primary liquid assets, but that it is reasonable to look to this requirement being applied more stringently to banks nearer to the centre. One way of achieving this would be to set differential requirements. The Bank would, however, prefer to set the same requirement for everyone, but for licensed deposit-takers to allow in addition claims on recognised banks maturing within eight days to qualify as primary liquid assets in their hands. On this basis, the Bank proposes that 40 of the total estimated liquidity needs of each bank should be represented by primary liquidity.

The Bank has concluded that tha sterling business of UK branches of foreign banks should be treated identically with that of UK banks. The treatment of the foreign currency business of branches of foreign banks is more difficult, since this business is usually much more closely integrated into the parent's operations, and is often monitored by the parental supervisory authority.

For the moment and pending further international discussion, in those cases where the Bank is satisfied that adequate reporting and control systems exist between the UK branch, its Head Office and the relevant supervisory authority, it proposes to do no more than be in a position to observe the foreign currency operations of the branch on the same basis as for UK banks.

The Bank recognises that it will not be possible to implement these proposals in full immediately. In particular, there are large gaps in statistical coverage. It will also be necessary to discuss both the frequency with which primary and secondary liquidity needs should be calculated and the way in which holdings of liquid assets should be monitored. In addition the Bank will wish to consult on the identification of foreign currency assets appropriate for inclusion in the definition of liquid assets.

ENERGY REVIEW: NORTH SEA SEVENTH ROUND

BY ALAN FRIEDMAN AND JOHN MAKIN

# British independents in the thick of it

*SOME OF* the hottest action in the imminent Seventh Round of North Sea oil block licensing may come from a group of minnow-sized British independent oil exploration companies. After nearly a decade of playing on the sidelines, this new generation of British oil explorers is coming into its own.

Although the two dozen small companies have achieved only a 3 per cent share of proven oil reserves in the North Sea and merely 1 per cent of natural gas, the current political climate for British oil groups is making them most attractive partners for established majors seeking a presence in the North Sea.

The small independents, which took stakes in only six of the 42 blocks awarded in the Sixth Round, are being encouraged to participate more fully in the Seventh because of the Department of Energy's stated preference for British rather than foreign oil groups. These small companies, few though they are compared with more than 10,000 independents in North America, are a remarkable phenomenon in that they have often grown from scratch with firm and innovative financing from the normally cautious City.

The small companies hope to play a major role during the next decade though several feel that the pace of North Sea development is currently being kept too slow. Only 70 blocks, each about 55,000 acres in size, are expected to be on offer in the Seventh Round, compared with 2,772 allotted since 1964. "We should like to see the exploration tempo increased," Mr. Roland Shaw, chairman of Premier Consolidated Oilfields, says.

Financing for the exploration companies has traditionally been difficult to arrange. Although the rewards can be high, so are the risks and many of the orthodox funding sources are not usually open to small exploration companies.

Mr. Algy Cluff, chairman of Cluff Oil, says: "We are rather like the film industry in a sense. The public is naturally suspicious of a company which does not have a proven track record. It is the same for oil exploration as it is for making a movie."

The smaller British independents are a melange of companies with widely different pasts and profiles. The two giants, BP and Shell, clearly belong elsewhere, but there are companies with features similar to an oil major, such as Ultramar, as well as groups involved almost exclusively in North Sea exploration. Some are recent creations of individual entrepreneurs or City institutions; others have a long history of mineral exploration which has led them to the oil business. Their views are represented through the Association of British Independent Oil Exploration Companies (BRINDEX), an organisation founded five years ago and representing 28 companies.

## Earnings

BRINDEX acts mainly as an umbrella organisation for companies heavily involved in exploration, particularly in the British offshore area. These groups may be small in terms of staff and working capital, but their enormous earnings potential has created huge stock market capitalisations. A few weeks ago, Siebens Oil and Gas (UK) share price was trading at 930p, which capitalised the company at £84m — about as much as a major international group such as Dunlop.

The Siebens share price then fell 340p to 590p in one week, a drop mirrored to a lesser degree by the performance of other exploration stocks. They are mostly young companies with glamorous ratings often based on an unproven ability to find oil in trying conditions somewhere off the UK coast. Investors have done very well out of them over the past year, but they remain a gamble.

The minnows of the oil business may recognise that they could be swallowed by the whales at any time, but equally they see the merits of co-operation. The bidding consortia for the Seventh Round are now almost fully assembled and, when the partnerships are announced, they will mostly contain a sprinkling of international majors and small British independents.

Consortium members are cagey about the precise composition of the groupings, but Premier Consolidated, for example, has put together what will probably be a typical cocktail. It will be leading a consortium which also includes a major national oil company and a group financed jointly by institutions, a large foreign refiner and a merchant bank.

The links between the individual companies have been forged over 10 years of co-operation. The sometimes idiosyncratic men who run the smaller companies place great store by personal relationships both within the industry and with financing institutions. The bonds may be strengthened by consortium companies, such as the Cluff Charterhall CCP venture, or by strategic equity stakes. Premier, for example, has a significant interest in London and Scottish Marine Oil (LASMO). Finally, one man may facilitate communication by sitting on more than one board. Newcomers may find these complicated structures hard to penetrate.

Mr. Algy Cluff of Cluff Oil: "Rather like the film industry."

Mr. Roland Shaw of Premier Consolidated: "We should like . . . the tempo increased."

The companies in this select group have in common a background which has imposed considerable strains on the imaginations of both their own finance directors and City institutions. Unlike an oil major, which finances exploration through cash flow from its other activities, the small company has to cast around for long-term outside investment. Backers must be prepared to put up a large slice of initial capital and to wait for up to ten years before it shows any return. If exploration is unsuccessful, the backer could lose the whole of his investment. It is a kind of financing unique to the exploration business.

LASMO illustrates how these financial obstacles can be overcome and how the obstacles themselves change as the company matures. The group was founded in 1971 in co-operation with Ranger Oil, a Canadian company and Cazenove, the London stockbrokers. The initial capital of £12.8m was sufficient to finance exploration, which produced a substantial find in the Ninian Field in January 1974.

At that point LASMO needed to find huge sums to meet its development costs. The banks were reluctant to help because of the uncertainty surrounding both Petroleum Revenue Tax and the role to be played in the North Sea by the British National Oil Corporation. LASMO therefore arranged short-term ad hoc financing from shareholders. By January 1976 LASMO's development work in Ninian had advanced to the point where it could issue £75m of loan stock, admittedly at very high interest rates. It also needed to add a sweetener by offering stockholders a direct interest in royalties from the sale of Ninian oil.

The company used its £75m to repay borrowings and, still without any cash flow, it succeeded in obtaining a stock market listing in July 1977 through the issue of 8.5m shares. The group was by then in a position to obtain bank borrowings against the collateral of Ninian oil. Two years later, LASMO was producing oil from Ninian and generating enough cash flow to contemplate paying dividends and taking over another company, Oil Exploration.

In the past decade, the financing process has become easier. Stockbrokers and banks have become more experienced in packaging companies and the banks will lend at an earlier stage: oil is bankable as soon as it is discovered or even when seismic reports are encouraging.

Whereas LASMO obtained a full listing for its shares in 1977, most companies now obtain a quotation under the Stock Exchange Rule 163(ii), which requires less detailed disclosure. A new category, 163(iii), has recently been created and was used last month by Berkeley Exploration, an offshoot of the KCA group. The issue was oversubscribed 40 times, a far cry from the mid-1970s when LASMO was struggling to find support.

Rights issues have become a common method of raising money. Last month Premier Consolidate made a £4.2m cash call which was 97.2 per cent subscribed, rapidly followed by a £3.24m issue from Cluff. In each case the companies were stoking to meet their Seventh Round commitments.

Although a decade ago raising funds was more difficult, LASMO created additional problems for itself by not using a financing technique known as farming out. Stated simply, it allows a company with an exploration interest to sell part of its holding to another company in exchange for the funding of exploration or development costs.

Premier Consolidated Oilfields made a profit by farming out six wells which subsequently were found to be dry.

The British investment trust movement has been perhaps the most forward agent for providing financial backing to small oil companies. By giving the companies financial support, the investment trusts are returning to their original 19th century role as providers of investment capital for British entrepreneurs.

Investment trusts can buy directly into small oil companies or they can take a more indirect approach.

## City's role

Another side to financial packaging is the role played by merchant banks, such as Barings and Kleinworts. Barings, with significant holdings in Cluff Oil, believes that the City has an important role to play in North Sea exploration. "Merchant Banks should be involved in bringing consortia together for the block allocations," says Mr. Derek McLennan of Barings.

Despite the promise of Seventh Round exploration, the oil business remains, at best, a chancy proposition. The history of North Sea exploration includes besides the winners a number of companies which foundered ignominiously on the continental shelf. Ball and Collins was set up in 1966 as a UK-based oil exploration group. By 1977 it had not foun[d] of crude and was acq[uired by] Premier Consolidated.

But the number of [...] has been surprisingly [...] Most companies have s[...] impressive rate of [...] growth over the past [...] years, though it has a[...] been a bumpy ride. The [...] share price trebled to £[...] 1975, only to collapse to [...] £2 by the end of th[...] Investors have witnesse[d] ally a repeat performan[ce] the past few months. Se[...] about small oil compa[nies] easily buoyed by rum[...] colossal finds, which ma[y] illusory.

But even though some [...] gloss may recently hav[e] off the glamour compa[...] the oil exploration sect[...] last decade has seen imp[...] evolution.

Several small indepe[ndents] are now on the verge of [...] ing production companie[s] and Charterhall are tw[o] panies about to pass fron[...] to-mouth exploration int[...] flow as a result of their [...] in the Buchan Field. [...] has taken ten years to [...] but it has made LASMO. [...]

Others will almost ce[rtainly] be bought out by larger [...] as soon as they strike a s[...] find. Yet others may b[...] medium-sized integrate[d] companies with down[...] interests as well as explo[...] For a few unfortunate [...] panies, a series of dry [...] may spell disaster.

In the meantime, a [...] generation of small, UK [...] oil companies is springin[g] existence. At Hoare Gove[tt] London stockbrokers, Mr. [...] McGregor reports that hi[...] has assembled between £5[...] £10m for each of two new [...] panies which will be bidd[...] the Seventh Round. Othe[r] arrivals are expected sh[...] Where will they be in 199[...]

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● CONSTRUCTION

## Services put in faster

THE CABLE support division of BICC Components has combined with Vantrunk Lion in Singapore and Vantrunk Engineering in Harlow to become known as BICC Vantrunk, thus creating a worldwide facility for its range of cable and pipe support equipment.

Joint output of the company's three factories produces everything connected with cables from the smallest clip, by way of Leprack channel, cleats, ties and perforated tray, to the largest Vantrunk heavy duty ladder.

Immediate result of the new merger is intensification in the research and development of new products, says the company, which has just launched Intelok and Vanlad.

First genuine improvement in channel type cable support systems since their invention is how the company describes Intelok which consists of steel channels and interlocking nuts.

This is designed for applications where security is required on support framework for all types of mechanical and electrical installations and requires only a spanner to erect on site without the need for drilling or welding.

It is a square channel system with dimensions of 41.2 x 41.2 mm, made from 2.65 mm thick material (fully compatible with the standard Leprack system). The return lips on the channel, however, are serrated and when they are engaged with the matching teeth on the special channel nut they form a distinctive positive locking system.

A fourth cable ladder (in strength somewhere between Vanrak and Vanspan) has been introduced. Said to embody completely new manufacturing techniques which enable it to be sold at a realistic price yet allow it to be delivered in kit form for assembly overseas or even on site, it is called Vanlad.

As with Vanrak, there is a limited range of standard sections, but anything available in Vantrunk or Vanspan can be made to order in Vanlad up to 600 mm in width. Also, articulated straight sections are available as substitutes for elbows and risers, and may replace them, says the company, if they prove to be commercially successful.

BICC Vantrunk, Edinburgh Way, Harlow, Essex (0279 24652).

**Deborah Pickering**

● TRANSPORT

## Black box for diesels

ONE OF the main problems in the integration of electronics to diesel engine fuelling lies in the development of the right sensors and actuators, according to Dr. B. A. Jarrett, technical director of Lucas CAV.

Although sensors for measuring parameters such as engine speed and temperature were available, special sensors must be developed for measuring the *timing* of *injection* and the quantity of fuel injected into each cylinder, he told a Detroit audience recently.

Major programmes to develop this special hardware had been under way at Lucas CAV for several years. One programme resulted in the high speed, high force actuator called the Helenoid, described in 1979.

Lucas believed that a "brainless" distributor pump, that is, one which just raises fuel to injection pressure and delivers it, but with timing and fuelling controlled by a thinking and sophisticated electronic system, may prove to be the most cost-effective, Dr. Jarrett said.

Signals proportional to fuelling pump speed and advance position would be obtained by means of sensors and taken to an electronic control box.

There, they would be compared with the driver's demand and other inputs, such as engine temperature and boost pressure. Output signals are then taken to actuators to set the fuel delivery and timing for optimum conditions. Maximum fuel delivery curve as a function of speed, and the timing map as a function of speed and load would be in the memory of the microprocessor.

Lucas CAV, POB 36, Warple Way, London W3 7SS. 01-743 3111.

● COMPUTING

## ICL move to woo business

Supporting the launch of ICL's new ME29 medium computers is this brand-new automatic plating line for printed circuit boards at the company's Kidsgrove factory recently brought into production.

VERSATILITY AT less cost is the claim for the ME29 intermediate-sized business computers launched worldwide yesterday by International Computers of Britain.

The machines are a replacement of the eight-year-old 2903/4 models of which 3,000 have now been sold.

Starting at £35,000, with a top of the range price of £¼m, they will be about 40 per cent cheaper but offer five times the through-put of the machines they replace.

Existing users of 2903/4 can move to the ME29 with existing programs. ICL expects about half of the ME29 sales to happen this way.

Once installed, says ICL, they will need no professional computer staff on site in order to carry out all normal data processing, word processing, teleprocessing, networking and visual information extraction. Colour monitors are used to support these activities and to operate private Viewdata facilities on software being designed by the Thorn group.

The operating system, called TME, will allow over 200 work stations with displays to be connected (12 on direct data entry) with some 50 programmes, and will permit ME29 to operate as part of a distributed processing network or as a satellite to both ICL and other makers' computers.

Company chairman, Philip Chappell, sees ME29 as a significant strategic development for ICL in the 1980s, hinting that similar products will follow in other areas of the range. In ME29 "we have a price advantage against IBM at all levels of comparisons," he asserted. ICL House, Putney, London, SW15 1SW (01-788 7272).

## UK launch prompted by European success

FOUNDED late last year with the help of £5m of NEB money to market and in due course manufacture the microcomputer products of the U.S. Q1 Corporation in the UK, Q1 Europe is now to formally launch the machines having established itself in London, Southampton and Manchester for sales, servicing and software support purposes.

History of the Q1 computer dates to 1972 and the initial production used the first Intel 8080 *processors* in close co-operation with the semiconductor company. In 1977 a design using bubble memory was supplied to NASA and the latest machine, the Q1 Microlite, will be shown at Computermarket in London (March 25, 26, 27).

It is interesting that these machines had already been actively marketed in Europe before the NEB agreement and some 600 have now been installed there. Apparently they *found* more ready acceptance there than in the UK.

Initial UK market thrust will be at original equipment manufacturers, but about £0.5m is currently being spent on application software so as to tackle end users in the summer.

The Q1 Microlite, which costs from £7,000 upwards, is a particularly compact unit which occupies little more space than a typewriter and has built-in dual floppy discs, an eight inch printer, keyboard and a 12-line plasma display of great clarity.

*It is designed* for business data processing, word processing and scientific computing and is somewhat unsual in employing a distributed data base: up to 64 of the units can be connected together to form a powerful network with the database distributed, or they can be connected to a remote mainframe the database of which will poll the work stations to meet their needs.

Microlite differs from many microcomputers in providing compilers for higher level languages usually associated with larger mainframes.

Q1 Europe is at 52 Jermyn Street, London SW1Y 6LX (01-493 1943).

● SERVICES

## Centre-file expands its support of London brokers

WITH AN expenditure of about £10m behind it on two new massive computers and important supporting equipment, coupled with a major move, Centre-file—major service subsidiary of NatWest—is ready to launch an extensively improved service to London's stockbrokers.

Installation of an IBM 3032 and 3033 has been completed without interruption to the on-line service to brokers and *systems design* is continuing on these machines for one day a week for the time being. Two ultra-fast laser printers and a mass data store have also been implemented.

Several improvements are being made to the stock-file system aimed, in general, at giving users many new facilities including the ability to carry out extensive share research. They will be able to maintain alternatives to the general information held against each security, as well as internal codes and their own texts and opinions about given securities.

Terminals and communications links are being improved and computation and data manipulation will be available over these.

In valuation work, a distinction will be made between maintenance of portfolio records and the use made of them. This will clear the way for capital gains tax computations and a whole series of valuations from currency to 24-hour operations.

This is not the end of the programme by any manner of means. But, apart from the Stock Exchange operation, Centre-file continues to support and expand its on-line building society services and the massive payroll operation which is the largest in the UK—and earns Centre-file a very respectable proportion of its revenue.

Meanwhile, and despite the fact that much of the output for users at Centre-file can be on microfilm or fiche, the services provided absorb 12 tonnes per day of print-out paper.

*Centre-file*, 75 Leman Street, London E2

● PACKAGING

## Vacuum jars filled at high speed

FAST filling of jars is one thing; fast *filling* of jars *for* vacuum preservation of a range of delicately-flavoured *foods* is a different proposition.

Goodfare *Products* of Manchester, which claims to be the largest smoker of salmon in Europe, and which produces around 1½m vacuum jars a year of a whole series of foods and condiments, had to go in-house for the best solution.

Initial design and assembly of the production line for filling and capping container jars was done by the company's own chief engineer, Mr. Colin Evans. It took three months to design and assemble the twin-track arangement and a week to instal it.

Filling takes place at three points along the track into the ½ gallon, 60 oz, 40 oz and 10 oz jars. Two vacuum capping machines facilitate the covering of both large and small jars, the cappers being situated at either end of the jar filling track.

Capacity for capping and filling what are admittedly difficult *products from sauce* tartare to rollmop herrings—runs at over 90 jars per minute.

Further details from Goodfare Products (Manchester), Morton Road, Middleton Junction, Manchester. 061 643 5252.



## Skin packer works fast

RIDAT Model 2412 has a continuous motion conveyor system, enabling it to operate at 5-20 cycles per minute packing products which would jolt out of position on an intermittent motion machine.

The only manual operation is placing the products on the cards by the operators. All other stages of the *skin* packaging process are completely automatic, from loading the cards on the continuous conveyor *to* the discharge of the completed, cut-out skin packs at the other end of the machine. Automatic controls ensure precise repeatability of each stage of the continuous process throughout the longest run.

Products can be packed up to a maximum height of 76 mm (3 in) on the 610 x 305 mm (24 x 12 in) card, film width and card size being standardised. Cards are automatically cut out with rounded or square corners, *complete* with Euro standard hang hole if required. Low cost cutting tools are used.

Cards are stacked in a magazine on the card feeder from which they are removed automatically one by one and laid on the continuous motion conveyor at the beginning of the loading section. Products are placed on the cards by operators. There is access for loading from both sides of the conveyor, and the number of operators will be determined by the products to be packed.

Film is automatically heated and drawn down on to the loaded card as it passes through the vacuum-forming area, the drape table reciprocating to permit this continuous motion. A reciprocating crush cutting bead separates the cards into individual skin packs, which then travel to the end of the conveyor for discharge.

The automatic card feeder is *self-contained, apart from* the power source. As it has its own vacuum supply there is no possibility of interference with the vacuum stage of the skin packaging process itself. The rear of the magazine is open, making it easy to recharge with cards while the machine is running.

Ridat Engineering, Fishponds Road, Wokingham, Berks. RG11 2QE. 0734 785333.

## Counts and wraps coins

ANY DENOMINATION of UK coinage with the exception of 50p can be separated and counted at rates up to 1,500 per minute and then wrapped into rolls at about 15 packages/min using the Clory model WL-4 now available from Advanced Technics and Systems, 55, Palmerston Road, Wealdstone, Harrow, Middx. HA3 7RR (01-836 9244).

The operator merely loads the 4,000 coin hopper which feeds the centrifugal separator, a device which can be set to select a particular denomination and reject the rest.

Seven batch *sizes* up to 100 can be set, or the machine can be adjusted to wrap coin *rolls* in six sizes up to 50 coins provided *the roll* length of *106* mm is *not* exceeded.

## COMPANY NOTICES

**NOTICE TO THE HOLDERS OF ELECTRICITY SUPPLY COMMISSION (ESCOM)**

*U.S.$40,000,000 Guaranteed Floating Rate Notes 1978/90* guaranteed as to payment of principal and interest by the REPUBLIC OF SOUTH AFRICA

EARLY REDEMPTION

In accordance with clause 300 of the notes "ESCOM" has elected to exercise its option to *repay the balance of U.S.$28,500,000 of the above loan on* 21st April, 1980.

All noteholders should present their notes together with all unmatured coupons to any of the following on 21st April, 1980, being the next interest *payment date when all outstanding notes will be redeemed at par together* with accrued interest.

Agent
Manufacturers Hanover Limited
8 Princes Street
London EC2P 2EN
England

Paying Agents

Manufacturers Hanover Trust Company
Corporate Trust Department,
40 Wall Street
New York
N.Y. 10005
United States of America

Manufacturers Hanover Banque Nordique
20 Rue de la Ville l'Eveque
75008 Paris
France

Manufacturers Hanover Bank/Belgium
13 Rue de Ligne
1000 Brussels
Belgium

Manufacturers Hanover Trust Company
6000 Frankfurt/Main
P.O. Box 3727
Bockenheimer Landstrasse 51/53
Germany

By MANUFACTURERS HANOVER LIMITED
As Agent

**EAST RAND PROPRIETARY MINES, LIMITED**
*(Incorporated in the Republic of South Africa)*

A Member of the Barlow Rand Group

NOTICE OF MEETING

Notice is hereby given that the eighty-fourth annual general meeting of East Rand Proprietary Mines, Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg, on Thursday, 17th April 1980, at 10h30 for the following business:

1. To receive and consider the audited annual financial statements for the year ended 31st December 1979;
2. To elect directors in the place of those retiring in accordance with the provisions of the company's articles of association;
3. To place the unissued shares under the control of the directors.

The register of members of the company will be closed from 11th to 17th April 1980, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent to members on request to either the transfer secretaries in Johannesburg or to the secretaries in the United Kingdom. The attention of members is drawn to the fact that, if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and public holidays).

*Holders of share warrants* to bearer who desire to be represented at the meeting must produce a certificate of their holding from an authorised depositary at the bearer reception office in the United Kingdom, or they must produce their share warrants at the office of the Paris correspondents, in both cases at least ten days before the date appointed for the holding of the meeting and shall otherwise comply with the "Conditions governing share warrants" in force. Upon such production a proxy form will be issued under which such share warrant holders may be represented at the meeting.

By order of the board
RAND MINES, LIMITED,
*Secretaries.*
per A. H. Koogen

Registered Office
15th floor
63 Fox Street
Johannesburg
2001
*10th March, 1980.*

**DURBAN ROODEPOORT DEEP, LIMITED**
*(Incorporated in the Republic of South Africa)*

A Member of the Barlow Rand Group

NOTICE OF MEETING

Notice is hereby given that the eighty-third annual general meeting of Durban Roodepoort Deep, Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg, on Thursday, 17th April 1980, at 11h30 for the following business:

1. To receive and consider the audited annual financial statements for the year ended 31st December 1979;
2. To elect directors in place of those retiring in accordance with the provisions of the company's articles of association;
3. To place the unissued shares under the control of the directors.

The register of members of the company will be closed from 11th to 17th April 1980, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent to members on request to either the transfer secretaries in Johannesburg or to the secretaries in the United Kingdom. The attention of members is drawn to the fact that, if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and public holidays).

*Holders of share warrants* to bearer who desire to be represented at the meeting must produce a certificate of their holding from an authorised depositary at the bearer reception office in the United Kingdom, or they must produce their share warrants at the office of the Paris correspondents, in both cases at least ten days before the date appointed for the holding of the meeting and shall otherwise comply with the "Conditions governing share warrants" in force. Upon such production a proxy form will be issued under which such share warrant holders may be represented at the meeting.

By order of the board
RAND MINES, LIMITED,
*Secretaries.*
per T. A. Crom.

Registered Office
15th floor
63 Fox Street
Johannesburg
2001
*10th March, 1980.*

**N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST**
(English and Dutch Investment Trust)
established in Amsterdam

5% FIRST CUMULATIVE PREFERENCE SHARES
5% SECOND PREFERENCE SHARES
ORDINARY SHARES

NOTICE IS HEREBY GIVEN that Payment on the following Dividends having been duly authorized, the relative coupons may be presented at the Offices of *Hollandse* Koopmansbank N.V., Sarphatistraat 14a, 1017 WS Amsterdam, for Payment on or after April 1st 1980

5 per cent First Cumulative Preference Shares:
Coupon No. 102, due April 1st 1980 at the rate of fls.25.—
*5 per cent Second Preference Shares:*
Coupon No. 102, due April 1st 1980 at the rate of fls.25.—
Ordinary Shares:
*Coupon No. 30 at the rate of* fls.36,000.—

25% Dutch Dividend Tax will be deducted. Residents of the United Kingdom and other countries with which The Netherlands have concluded a Tax agreement, are advised to consult their bankers in order to obtain their dividends free or partly free of Dutch Dividend Tax. Coupons forwarded from the United Kingdom will only be accepted if accompanied by the usual declarations required in accordance with the regulations in force in The Netherlands.

By order of the Board.
The Management
HOLLANDSE KOOPMANSBANK N.V.
Sarphatistraat 14a,
1017 WS AMSTERDAM
March 20th 1980

**CITY OF MONTREAL**
**3% PERMANENT DEBENTURE STOCK**

NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 11th April to 30th *April 1980, both dates* inclusive.

Registrars:
THE ROYAL BANK OF SCOTLAND LTD.
*Registrar's Department,*
16 Old Broad Street,
London EC2N 1DL.

**SIAM COMMERCIAL (CAYMAN) LIMITED**

US$20,000,000
GUARANTEED FLOATING RATE NOTES DUE 1984
Guaranteed by
The Siam Commercial Bank, *Limited*

Pursuant to the terms and conditions of the notes notice is hereby given that *interest rate for the second interest period* of 19th March 1980 to 19th September 1980 has been fixed at 20¼%.

The interest amount payable on 19th *September* 1980 against coupon number two will be US$103.50 per US$1,000 note and US$517.50 per US$5,000 note.

CITICORP INTERNATIONAL BANK LIMITED
Agent Bank

**N.V. ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST**
*(English and Dutch Investment Trust)*
Established in Amsterdam

PARTICIPATION CERTIFICATES
(issued by Royal Exchange Assurance)

NOTICE IS HEREBY GIVEN that a gross dividend on the Participation Certificates of fls.4.50 (four florins fifty cents) will be payable in Sterling on or after 1st April 1980 against presentation of coupon No. 30.

The dividend will be payable as follows, subject to the provision of the appropriate Netherlands Tax affidavit where necessary:

to Certificate Holders who are subject to *United Kingdom Income Tax*, less 15 per cent Netherlands Withholding Tax, and United Kingdom Income Tax at 15 per cent on the gross dividend.
to residents of *other countries* with which The Netherlands have concluded tax agreements, under deduction of 15 per cent Netherlands Withholding Tax.
to residents of all other countries, less 25 per cent Netherlands Withholding Tax.

*Certificate Holders* resident outside the United Kingdom will receive payment less United Kingdom Income Tax at the rate of 30 per cent on the net amount unless *the coupons are accompanied by a United* Kingdom Affidavit of non-residence. The aforementioned rates of tax apply only in respect of coupons presented for payment *up to and including 30th September 1980.* Thereafter Netherlands Withholding Tax will be deducted at the rate of 25 per cent and the United Kingdom Income Tax, where applicable at the rate of 30 per cent from the net Sterling amount.

References to United Kingdom Income Tax at 15 per cent and 30 per cent are subject to the rates ruling on 1st of April 1980.

For the period of 1st April 1980 to 30th September 1980 the dividend will be paid in Sterling at the rate of exchange ruling on the day of presentation of the coupons. Coupons presented thereafter will be paid in Sterling at the rate of exchange ruling on the 1st of October 1980.

To obtain payment, coupons No. 30 must be presented at the office of Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX.

Coupons must be listed in duplicate in numerical order on special forms obtainable from Hill Samuel & Co. Limited, and must be left three clear days for examination.

Coupons will not be accepted through the post.

*ROYAL EXCHANGE ASSURANCE.*
Royal Exchange.
London EC3.

**SPANISH 4% EXTERNAL LOAN (1974 ISSUE)**

The coupons due 1st April 1980 may be presented for payment at BANCO ESPAÑOL EN LONDRES S.A., 60, London Wall, *London EC2P 2JB, between the hours of* 10 a.m. and 2 p.m.
London,
21st March 1980.

## PUBLIC NOTICES

**HAMPSHIRE COUNTY COUNCIL**
£10,000,000 Bills issued 21.3.80 at 15 61/64 to mature 18.4.80. Total applications were 40M and there are *40.2M Bills outstanding.*

**METROPOLITAN BOROUGH OF CALDERDALE**
£1,000,000 Bills issued on 19 March 1980 due 18 June 1980 at 16¼%. Total applications £6,000,000. Bills outstanding £2,000,000.

## PERSONAL

ANDREW. Have booked our summer holiday at the New *Normandie International* Hotel, Manor Road, Bournemouth. Tel. 0202-22246. They have five-star service and quality and a Hydro, Beauty Salon, *Hairdressing Salon, Heated Swimming* Pool, Gift Shop, Games Room, Dancing, Superb Dining including vegetarian meals, Sun Trap Lounges. Madeline.

## TRAVEL

GENEVA, Basle, Zurich and Berne, widest choice of cheap flights from 4 U.K. airports. Brochure FALCON 01-351 2191.



## BOND DRAWING

**CHILEAN EXTERNAL LONG TERM DEBT—LAW NO. 8962**

CHILEAN 4½% LOAN 1895

NOTICE IS HEREBY GIVEN that a Drawing *of Bonds of the above loan took place* on 11th March 1980, attended by Bridget Mary Ellison of the firm of John Venn & Sons, Notary Public, when the following *bonds were drawn for redemption at par* on 1st April 1980, from which date all interest thereon will cease:

3 BONDS OF £1,000 NOMINAL CAPITAL EACH
276 339 722

4 BONDS OF £500 NOMINAL CAPITAL EACH
816 1023 1054 1083

39 BONDS OF £100 NOMINAL CAPITAL EACH

| | | | | | |
|---|---|---|---|---|---|
| 2634 | 3070 | 3088 | 3095 | 3110 | 3196 |
| 3203 | 3216 | 3222 | 3232 | 3239 | 3253 |
| 3840 | 3847 | 3850 | 3862 | 4459 | 4645 |
| 5370 | 5701 | 5728 | 5739 | 5696 | 6003 |
| 6422 | 6651 | 7194 | 7995 | 8626 | 8858 |
| 8785 | 8737 | 8884 | 9116 | 9117 | 9270 |
| 0412 | 9455 | 9564 | | | |

46 Bonds amounting to £8,900 nominal capital.

Witness: B. M. Ellison, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st October 1980, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN GOVERNMENT 4½% BONDS FOR £273,000 NOMINAL CAPITAL
*(LAW OF 7TH SEPTEMBER 1910)*

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 11th March 1980, attended by Bridget Mary *Ellison of the firm of John Venn* & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st April 1980, from which date all interest thereon *will cease:*

6 BONDS OF £100 NOMINAL CAPITAL EACH
592 647 1174 1204 1280 1282

6 BONDS OF £20 NOMINAL CAPITAL EACH
2501 2784 2793 3233 3572 5643

12 Bonds amounting to £720 nominal capital.

Witness: B. M. Ellison, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st October 1980, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

New Court,
St. Swithin's Lane,
London EC4P 4DU.
21st March 1980.

## APPOINTMENTS

# *Risk Management*

This is an opportunity to join a large company of high standing in the City as a senior member of the management team with the prospect of an early appointment to the Board of its UK company. The business includes provision of a wide range of risk management services throughout industry and commerce.

- THE PRIMARY ROLE is to lead a team of risk control specialists advising industrial clients on the protection of assets and profits in such areas as fire, engineering, security, occupational safety and legal liabilities. As the management and development of the service is an integral part of the job, skill in communicating ideas and in exercising commercial judgement is essential.
- BROADLY BASED industrial experience, possibly including consultancy, and a good honours degree are appropriate qualifications.
- AGE under 40. Initial salary for discussion over £15,000.

Write in complete confidence
to G. W. Elms as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

# *Stockbroking*

- A SMALL, profitable firm, long established in London, wishes to invite an experienced stockbroker or a team to join them.
- TERMS and prospects are for discussion to reflect the importance of the position within the firm.

Write in complete confidence
to G. W. Elms as adviser to the firm.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

# EL MERCADO LATINOAMERICANO: UN DESAFÍO POR UD.

My client is a dynamic Zurich Bank and forms part of an internationally operating group. They plan to expand their activities in Latin America firstly by promoting existing business relations, and then by establishing new contacts with banks, industrial companies and investors.

In connection with this carefully prepared expansion, I am looking for a

# BANK EXECUTIVE

### WITH MARKETING SKILLS

*(In the rank of a Senior Officer)*

who is willing to enrich his/her international banking experience by facing such a challenge in the Latin American area. My client's subsidiary in Nassau (Bahamas) will be the operating base for the intended marketing activity. The person in this newly created position will become acquainted with the operation in Nassau. The question of taking up residency is open for discussion.

Applications are invited from bankers who are excellent negotiators, well versed in the South American banking and financial scene (ideal age 35-45 years) and who strive for a highly independent pioneering task. Upon receipt of an application and curriculum vitae I shall be glad to furnish more details. Absolute discretion is granted and no information will be released without the prior consent of the candidate.

*EGGER MANAGEMENT CONSULTANTS*
Badenerstrasse 414, CH-8004 Zürich, Switzerland
Tel. 01/52.43.71

# FINANCIAL DIRECTOR DESIGNATE

**A Main Board opportunity for a Young Accountant**

**N E London** — **Neg. c £10,000 + company car**

- *Our client*, Atlas Lace Paper, is a highly profitable private company employing about 150, with a turnover approaching £2m. A wide range of high quality food and household paperware is manufactured – a significant proportion goes overseas – and marketed under the tradename 'Crowndale'. A £½m investment programme is currently underway.
- Now sought is a suitably qualified accountant, probably aged 30 to 40, to take over the company's overall financial direction. The successful candidate will:
  - Ideally have broad financial management experience in a manufacturing based exporting company
  - Be able to demonstrate entrepreneurial ability
- A 'top up' pension scheme, Life Insurance, Free BUPA, and relocation assistance where appropriate, are available.
- Applicants, male or female, please apply in confidence to Susan Heath, Recruitment Secretary, at 5 Victoria Street, Windsor (07535) 67175 (24 hours), quoting reference DB/323.

*A subsidiary of Finance for Industry Limited.*
ICFC Training and Management Consultants Limited.
The Specialists in Recruitment for Medium Sized and Private Companies.

## BUSINESSES FOR SALE

**FOR SALE AS A GOING CONCERN**
SOUTH OF ENGLAND
**SEALED UNIT DOUBLE GLAZING MANFRS**
T/O £1.0 m approx.
Fully Automated Plant — Modern Premises
Excellent Trading Connection with Potential — Tax Losses
*Write Box G.5583, Financial Times, 10 Cannon Street EC4P 4BY*

**WELL ESTABLISHED FURNITURE FABRIC MANUFACTURERS**

Specialising in quality upholstery and curtain cloth. Own attractive range of designs. Expanding export sales. Excellent modern, fully equipped, freehold factory in North of England. T/O £1.7m p.a. Principals only.
*Write Box G5590, Financial Times,* 10 Cannon Street, EC4P 4BY.

**DIVERCO Limited**

Wine/Spirits Wholesaler
T/O £400,000. Excellent premises. East Coast.

Hardware Wholesaler
T/O £250,000. Well established. S.W. Midlands.

Architectural Wholesaler
T/O £400,000. Freehold premises. N.W. England.

4, BANK STREET
WORCESTER WR1 2EW
Telephones 0905-25699 22303

**DIVERCO Limited**

Mobile Home Manufacturer
T/o 1 million n/a £100,000 *N. E. England.*

Motor Rewinds
*Young company rising* T/o £50,000. Capable substantial expansion. Experienced workforce, modern premises. S. E. England.

Fashion Accessory Wholesaler
T/o £450,000 n/a £40,000. E. Midlands.

4, BANK STREET
WORCESTER WR1 2EW
Telephones 0905-25699 22303

**FOR SALE**
**NICE—FRANCE**
ENGLISH PUB + CABARET with FLOOR SHOWS

Corner location, good position—18 metres frontage — 105 sq. m. on street level + 234 sq. m. on courtyard.

*Write to:*
*HAVAS - 06011 - NICE CEDEX*
Ref: 0169

**SMALL ESTABLISHED**
**Group of Employment Agencies for Sale**

Well positioned in prime *East London* area. Group consists of four shops in main road positions.
For further details write Box G.5592, Financial Times, 10, Cannon Street, EC4P 4BY.

**Luxton & Lowe Ltd**
*Specialist Agents in the:*
*SALE & PURCHASE OF* HOTELS/CATERING & NURSING REST HOMES
Urgently require sound businesses to meet steady demand.
Business Chambers
*98a Burlington Road, New Malden,* Surrey - 01-949 5451 - PBX

**FOR SALE**

Well established Company making Giftware, Laboratory and Scientific Products *and Industrial* Components. Strong technical resources. Turnover £2½m, *net assets* £400,000.
*Please reply in confidence to:* The Chairman, Box G5593, Financial Times, 10 Cannon Street, EC4P 4BY.

Old established letterpress
**BOOK PRINTING HOUSE**
with a turnover of £200,000. No bindery. Modern single-storey factory with 6,000 sq ft held on lease. Owners must establish tax loss, nominal price for quick sale.
Colebrook, Evans & McKenzie,
Auctioneers & Valuers,
5 Quality Court, Chancery Lane,
London WC2A 1HP.

**SMALL PRODUCTION ENGINEERING COMPANY**

for sale as going concern situated 28 miles south of London. Leasehold property of 1,500 sq. ft., staff of 7 inc. working foreman.
Last turnover £108,000 plus with gross profits of £35,000 plus. (With scope for improvement.) Inspections & Offers invited.
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The distinctive numbers of the Bonds, drawn in the presence of a *Notary Public* are as follows:—

£500 Bonds
7483 8124

£100 Bonds

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 116 | 300 | 495 | 663 | 775 | 869 | 1032 | 1181 | 1298 | 1352 |
| 1518 | 1607 | 1750 | 1820 | 1966 | 2140 | 2232 | 2317 | 2432 | 2600 |
| 2733 | 2901 | 2991 | 3097 | 3252 | 3402 | 3404 | 3692 | 3728 | 3862 |
| 3970 | 4136 | 4253 | 4371 | 4563 | 4632 | 4721 | 4867 | 4964 | 5121 |
| 5231 | 5325 | 5507 | 5655 | 5764 | 5896 | 6019 | 6106 | 6193 | 6270 |
| 6455 | 6566 | 6699 | 6843 | 6929 | 6998 | 7089 | 7204 | | |

On 1st April, 1980, assented Bonds will become payable at the new par value of £174 for each £100, together with accrued interest to said date at the office of:—

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Interest will cease to accrue on the Bonds called for redemption on and after 1st April, 1980, and Bonds presented for payment must have attached all coupons maturing after that date.

£370,700 nominal Bonds will remain outstanding after 1st April, 1980.

The following Bonds drawn for redemption on the dates stated below have not as yet been presented for payment.

1st October, 1975
£100 Bond Nos: 1761 2734 5254 5390

1st April, 1977
£100 Bond Nos: 3056 4376 5002 6544

1st October, 1977
£100 Bond Nos: 5016 6141

1st April, 1978
£100 Bond Nos: 870 4830

30 Gresham Street, London, EC2P 2EB

*21st March, 1980*

# THE PROPERTY MARKET BY MICHAEL CASSELL

## House of Fraser to take Sutton space

HOUSE OF FRASER is expected to fill the breach left in Capital and Counties' proposed town centre redevelopment scheme at Sutton, Surrey, by the departure of the John Lewis Partnership.

Mr. Ian Norten, assistant managing director of Capital and Counties, said yesterday that House of Fraser had, in principle, decided to take key space in the £40m-plus office and shop complex, although the move had yet to be approved by the potential tenant's board.

The decisioo represents welcome news for Capital and Counties, which is in the process of site assembly and which hopes to start work on the project in late 1981 or early 1982. The withdrawal last year of John Lewis caused embarrassment all round and Mr. Northen and his colleagues have spent tho best part of the year trying to find a replacement.

When it pulled out, John Lewis had signed a deed of intent to occupy around 200,000 square feet of apace in the scheme. But it said that uncertainties over the timing and doubts about particular aspects of the development, together with the earlier availability of an alternative site at Kingston, had caused it to change its mind.

House of Fraser will not be taking as much space as planned by John Lewis and it looks as though the department store will take a unit of around 100,000 sq ft. The difference in trading area will not, however, be as great as the figurea suggest as John Lewis has a comparatively low proportion of sale space to storage.

Originally, the scheme was to be dominated by the John Lewis store and a further 25 to 30 shop units would be provided, together with 140,000 sq ft of office space. It now seems likely the plan will include a department store, one or two large units and 50 or 60 shops. Office space will still be included.

The final shape and content of the scheme could be largely decided at the end of this month by—of all authorities—the Church. A report prepared by Ove Arup, proposing the creation of an ecumenical centre in Sutton, and bringing together the Baptist, United Reform, Methodist and Anglican churches, is to be considered soon and a decision to go ahead will see the Baptists—whose church occupies part of the redevelopment site — moving home.

If the church goes, definitive plans can be drawn up and Sutton Council, which is to compulsorily purchase all the required land, can start detailed negotiations with site owners. In the absence of a complete Capital and Counties package, most have so far been reluctant to take the matter too seriously.

## New City office plan

IN ANOTHER new development to the east of Bishopsgate in the City, County and District Properties plans to build a £10m office complex close to Spitalfields Market.

The scheme will be carried out in partnership with the Central Foundation Schools of London, which until 1975 ran a girls' grammar school on the site and which still owns the land in question.

An earlier proposal, which was granted planning permission in 1975, was never pursued after Williams and Glyn's pulled out of a plan to occupy the new space. The current plan is for an 80,000 sq ft office building and a second possible block—on land partly owned by another educational foundation—providing an additional 20,000 sq ft of space.

Mr. Leslie Melville, chairman and managing director of County and District, said the compaoy was purchasing the freehold of the land. Central Foundation Schools, which requires funds for its new East End premises, will receive rental income from the scheme although County and District has the option to convert it to a capital sum.

Planning pormission is being sought from the City and Tower Hamlets and the scheme will be externally funded with as yet unknown partners. There is, says Mr. Melville, a firm tenancy inquiry which could lead to a pre-let.

## Brussels office debate

PROSPECTS FOR the Brussels office property market appear to be as confused and as uncertain as the future of the EEC itself—one of the city's most important tenants.

According to Jones Lang Wootton in Brussels, the office market in the administrative heart of the European Community has reached the stage where shortages of large, modern space are likely to emerge over the next two years. The suggestion is that, at this points, rents might be expected to rise sharply but in a city where debate and argument is commonplace this is by no means a consensus view.

The confidence of Jones Lang Wootton is not matched by rival agents Knight Frank and Rutley who point to the present weakness of the Belgian economy, high labour costs and what they see as the disenchantment of multi-nationals with Brussels as an international centre as very good reasons why a major resurgence in office rents is unlikely.

Over the past five years Brussels has been bedevilled by a vast over-supply of office accommodation, a legacy of the building boom which swept Europe—and British developers—to the forefront in the early 1970s.

However, according to JLW: "There are now positive indications that the over-supply which has dominated the market is well and truly played out."

The agents say that the remaining space is likely to be absorbed "as the international presence in the city continues to increase with expansion of the Community to include Greece, Spain and Portugal."

Jones Lang estimates that there is currently some 2.5m sq ft of office accommodation still vacant compared with an estimated take-up of 1.6m sq ft in 1979. On the basis of these figures it would seem reasonable to suggest that shortages are likely to occur.

JLW says that while there are still plenty of small to medium-sized suites available on the market the real shortage will involve very large space.

But the JLW figures do not, accordiog to their critics, fully reflect the true state of the market. The 2.5m space presently available includes, on the agents' own admission, only modern properties in primo locations where there is likely to be strong demand. At the same time the 1979 take-up figures are gross and do not tako account of tenants vacating one set of premises to move into another.

According to Jones Lang: "Although rents are expected to increase steadily rather than dramatically in the immediate future thore is no doubt that the growing shortage of space, fuelled by strong demand and the lack of new developments coming on stream, will all combine to put further pressure on rents in the prime locations by the end of this year."

Any shortage of large, modern accommodation is unlikely to be compensated for in the immediate future by a major building programme. Developers are unlikely to be enticed back into the market while yields on new buildings remain as low as 3½ to 4 per cent and wbila the present stiff planning restrictions prevail.

JLW see continuing demand for office space coming from EEC and quasi EEC bodiea like pressure groups, while it says that multi-nationals will continue to want Brussels' headquarters to be near to the European political power base.

It is not a view shared by Michael Nicholson of Knight Frank and Rutley in Belgium. He points to a number of international companies, including a couple of American banks, which have moved out of Brussels in recent years and says that the city, with all its EEC attractions, no longer has the same lure for multinationals as it did in the early 1970s.

Equally, he believes that the Belgian government—seeking to provide work for a hard pressed local construction industry—will attempt to use Belgian contractors to build any new space required for it and the EEC administration.

With the Belgian economy in difficulties—there were with 102 bankruptcies, including Socol, the construction group, recorded in February alone—the local private sector is also hardly likely to have major space requirements.

## Hambro Life in £3.3m deal

HAMBRO LIFE Assurance has paid £3.3m to the Savoy Hotel for 2 Savoy Court, Strand, WC2.

Tenants of the 32,000 sq ft building include the Inland Revenue, which occupies 14,000 sq ft; the Savoy Tailors' Guild which rents a further 4,100 sq ft; American Express and Allied Breweries which owns the Coal Holo public house. The building has a basement, ground and seven upper floors and it is understood that Hambro Lifo intends to refurbish 6,500 sq ft recently vacated. D. E. aod J. Levy acted for tho Savoy Hotel and Michael Laurie for Hambro.

● Legal and General has bought in the four years remaining on two leases at 70-72 Oxford St., W1, where it is the freeholder. One of the shops was occupied by Gay Furs, which was paying the princely sum of £524 a year exclusivo in rent, while Reed Employment was next door. The units are to be refurbished to provide one shop of 3,500 sq ft and a rent of £95,000 is being quoted. Conrad Ritblat and Laurence Bird acted for L and G.

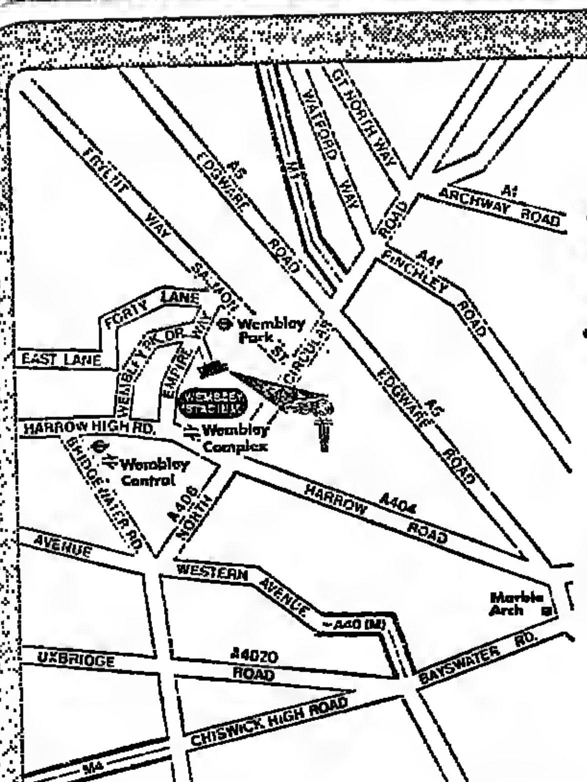
● First National Bank in Dallas has assigned the leases of their former headquarters at 60-63 Aldermanbury EC2 to Fidelity Bank of Philadelphia. The rent passing is around £13 a square foot and will be reviowed this June. A premium was also involved for the leases, which expire in June 2025. Debenham Tewson and Chinnocks acted for the assignors and Shepherds represented Fidelity.

● Miller Buckley is alive and well. My apologies for suggesting last week that the company had gone into receivership. It was Melia Buckley, the joint venture comprising Miller Buckley Investments and the Melia hotels group—formed solely to dovelop Kings Reach—which was put in the hands of a receiver in 1976.

● Great Portland Estates has leased its new 28,250 sq ft airconditioned banking and office building at 61, St. Mary Axe, EC3, to Inchcape. Although the terms were negotiated over a year ago, a rent of £450,000 a year exclusive is being paid for a 35-year lease with regular reviews. Jones Lang Wootton acted for Great Portland and Dron and Wright advised Inchcape.

● Coutts has let the third floor of its new Strand headquarters to Arthur Anderson, the international chartered accountants. It would be interesting to see what sort of price can be achieved for space in a building of such unquestionable merit, but, alas, no-one wants to give details of rental for the 29,000 sq ft involved. Debenham Tewson & Chinnocks acted for Anderson and Hillier Parker May & Rowden represented Coutts.





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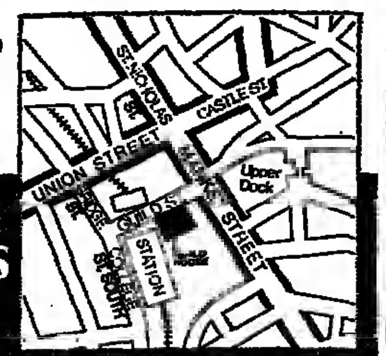

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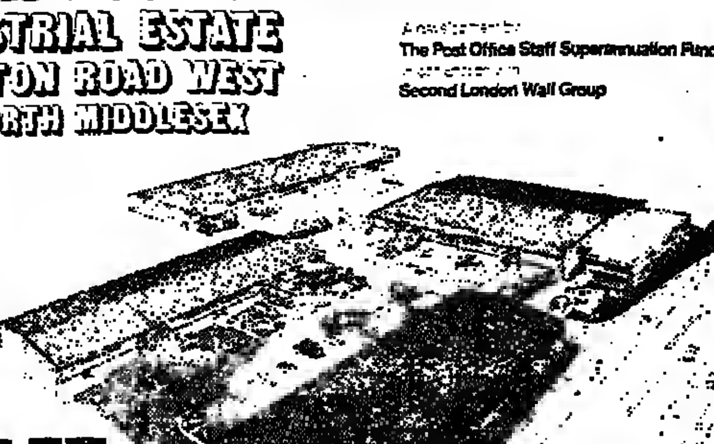

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*Copies of the Report and Accounts may be obtained from The Secretary, Berisfords Ltd., P.O. Box 2, Congleton, Cheshire, CW12 1BF.*

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|---|---|---|---|---|---|---|---|
| 99 | 68 | Airsprung | 68 | — | 6.7 | 9.6 | 4.0† |
| 50 | 32 | Armitage and Rhodes | 32 | −1 | 3.8 | 11.9 | 2.1† |
| 242 | 185 | Bardon Hill | 242 | +2 | 13.6 | 5.7 | 7.1† |
| 100 | 83 | County Cars 10.7% Pf. | 83 | — | 15.3 | 18.4 | — |
| 107 | 83 | *Deborah Ord.* | 94 | — | 5.0 | 5.3 | 10.3 |
| 101 | 88 | Frank Horsell | 101 | — | 7.9 | 7.8 | 6.3 |
| 129 | 98 | Frederick Parker | 98 | — | 12.8 | 13.1 | 4.5† |
| 189 | 102 | George Blair | 105 | — | 16.5 | 16.7 | —† |
| 69 | 45 | Jackson Group | 69 | — | 5.2 | 7.5 | 4.1 |
| 153 | 113 | *James Burrough* | 114 | −1 | 7.2 | 6.3 | 10.0 |
| 300 | 242 | Robert Jenkins | 280 | — | 31.3 | 12.0 | 8.3† |
| 232 | 175 | Torday | 217 | — | 14.3 | 6.6 | 5.7† |
| 34 | 18½ | Twinlock Ord. | 18½ | −0½ | 0.5 | 3.1 | 3.1† |
| 80 | 70 | Twinlock 12% ULS | 76 | — | 12.0 | 15.8 | — |
| 56 | 23 | *Unilock Holdings* | 46 | +1 | 2.6 | 5.8 | 9.8 |
| 91 | 42 | Walter Alexander | 91 | +1 | 4.4 | 4.8 | 6.0 |
| 190 | 136 | W. S. Yeates | 182 | — | 11.5 | 6.3 | 7.1 |

† Accounts prepared under provisions of SSAP 15.

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| | March 20 £ | Week ago £ | Month ago £ |
|---|---|---|---|
| **BACON†** | | | |
| Danish A.1 per ton | 1,230 | 1,230 | 1,230 |
| British A.1 per ton | 1,180 | 1,180 | 1,180 |
| Ulster A.1 per ton | 1,180 | 1,180 | 1,180 |
| **BUTTER†** | | | |
| NZ per 10 kg | 14.80/14.97 | 14.80/14.97 | 14.80/14.97 |
| English per 10 kg | — | — | 18.57 |
| Danish salted per 10 kg | 19.18 | 19.18 | 19.18 |
| **CHEESE‡** | | | |
| English cheddar | 1,611.60 | 1,611.60 | 1,545 |
| Irish cheddar | 1,455.00 | 1,581.10 | 1,526.11 |
| Danish cheddar | 1,450.00 | — | 1,420 |
| **EGGS*** | | | |
| Home produced: | | | |
| Size 4 | 4.60/4.70 | 4.60/4.70 | 4.30/4.50 |
| Size 2 | 5.00/5.20 | 5.00/5.15 | 4.70/4.85 |
| | **March 20 p** | **Week ago p** | **Month ago p** |
| **BEEF** | | | |
| Scottish killed sides ex-KKCF | 65.0/69.0 | 64.0/68.0 | 64.0/68.0 |
| Eire forequarters | 48.0/50.0 | 48.0/50.0 | 46.0/49.0 |
| **LAMB** | | | |
| English | 64.0/72.0 | 60.0/68.0 | 50.0/64.0 |
| NZ PLs/PMs | 52.0/51.5 | 51.0/54.0 | 51.5/54.0 |
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| All weights | 38.0/49.0 | 37.0/48.0 | 36.0/49.0 |
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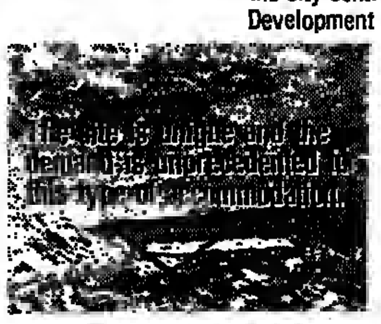

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| AKZ C | F.22.50 | — | — | 53 | 2.30 | .. | .. | F.23.20 |
| AKZ C | F.25 | 50 | 0.40 | 60 | 1.10 | 8 | 1.50 | " |
| AKZ C | F.27.50 | — | — | 10 | 0.60 | 50 | 0.80 | " |
| AKZ C | F.22.50 | 120 | 0.50 | — | — | 6 | 1.70 | " |
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| PHI C | F.17.50 | 82 | 1.10 | 6 | 1.50 | 99 | 2.20 | F.18.10 |
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| RO P | F.150 | 136 | 2.30 | 22 | 7.30 | 8 | 10.50 | " |
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هكذا من الأصل

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

# A visit to the dinosaur sanctuary

**Francis Duffy finds his appreciation of the individual buildings in a new office city marred by strong reservations about its concept**

HALFWAY between Hamburg airport and the city centre is one of the most extraordinary concentrations of bureaucratic endeavour ever built: Hamburg Nord, the new office city.

If you are impressed by thorough and professional planning, Hamburg Nord is the place for you. More than a score of huge new office buildings have been built in a kind of green office park. Not only is each building beautifully built of the very best materials; but inside them some of the most high-powered office service managers in the world have tried their hardest to design the most effective and efficient forms of administration and office support. Each office form has been designed with as much love as the huge glazed facades. Planning rules everywhere from the skyline to the paperclip.

It is no surprise that office planning has reached its glittering peak in Hamburg. Not only has the city seen a miraculous increase in riches and industry in the past 25 years, but this is also the home of office landscaping, the most spectacular innovation in office interior design since the war.

But something is not quite right. It was not just the heavy frost whitening the trees which chilled me as I walked between the buildings recently; it was a growing fear that these buildings are the dangerously permanent consequence of some fundamental premises or lines of argument which are fast disappearing.

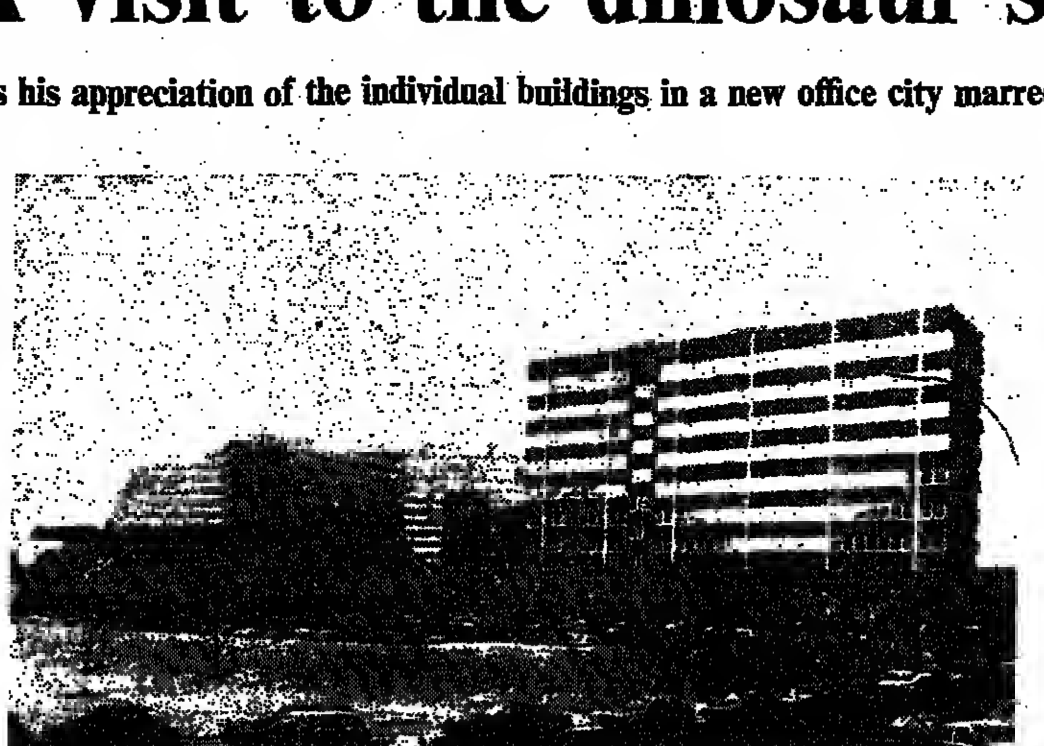
This is not to say that I do not take Hamburg Nord seriously. Each of these buildings is purpose-built. BP thought long and hard before it designed its huge polygonal office landscape.

Shell's answer to a similar problem is no less meticulous, but its design solution is diametrically opposite—a great cruciform aggregation of single office rooms. One insurance megastructure shelters almost three thousand people. Tschibo, a coffee company, has given equal care to housing 300 in one of the most cheerful open plan offices I have ever seen.

None of the office buildings is without impressive loading docks, workshops, archives, meeting rooms, reception areas, and security arrangements, all on a scale which would squeeze bitter tears of envy from the average British administrator.

But this new office City is a depressingly arid place. Nowhere in it is there the vital interplay of ancient trading communities—key characteristics of the City of London and downtown New York, for example, which have many informal meeting places.

Hamburg Nord also achieves far less than the vital new office parks—like those in Silicon Valley—which are now so frequently found adjacent to universities in the United States, or in Britain in Cambridge and Warrington (which is strategically near the universities of Manchester, Salford and Liverpool). In such places new industries flourish on the basis of shared staff and experience, and on all sorts of informal links.



Hamburg Nord: the whole is conspicuously less than the sum of the parts

Behind the deadness of Hamburg Nord lies the first of the set of disappearing premises: location. Why should all these masterpieces, which look like a school of architecture on exhibition day, sit together on the same site? Why an office city? Does anyone take the lonely path from Shell to IBM or from Tschibo to BP?

Each building is a complete eight hours per day world with subsidised restaurants, fine gymnasia, shops and even banks. I bet there are as many private swimming pools as in Virginia Water. The only common asset between the buildings is a central heating and cooling plant. Apart from this, what is "city-like" about these private projects, of which the whole is so conspicuously less than the sum of the parts?

The second vanishing premise is office technology. Office technology is not going away; but it is certainly changing extremely fast. When Shell, Esso and BP planned their offices in the 1960s they came to very different conclusions about open and cellular offices, though they all agreed roughly on the size and procedures carried out in an oil company headquarters.

I should be very surprised if there were not very severe pressures in the next decade to change some open plan offices into cellular ones and vice versa, as new management styles and new technical ways of running offices create demands for new office arrangements. Shell and BP at least will find their excellent but short-sighted buildings very hard to adapt.

New technology may have profound effects on the number and kind of people employed in a headquarters, in the equipment they use, in their timetables and in their capacity to carry their electronic offices with them on their travels. Centripetal forces could disintegrate the solid HQ core; new ways of working could reintegrate the laboratory and the office, the boardroom and the project group.

Already in Hamburg Nord there is evidence of sub-letting, where this is technically possible. But this "city" will be very difficult to dissolve; it will remain a monument to the office technology of the sixties and early seventies, the period immediately prior to the electronic office. Industrial archaeologists take note: the data for your future studies are here.

## Energy

Perhaps it is unfair to mention the third premise when so many oil companies are involved. Which futurologists managed to predict the impact of the energy crisis? Unfair or not, these buildings at Hamburg Nord are like Cadillacs and Concordes, magnificent devices for expending energy. Air-conditioning is normal; artificial lighting is essential in at least half.

Hundreds of fluorescent tubes burn all day. The problems of solar gain are sometimes dealt with by external blinds but mostly by burning energy to cool the sun's rays. All this in a clean suburban site in a temperate land. The present desperate scrambling among architects and engineers to reduce the number of watts expended per square metre will not result in building forms like these.

Shelley wrote a poem about the traveller in an antique land who found, in an endless desert waste, a tumbled statue of a long dead king on the base of which was written the legend "Look on my works, ye Mighty, and despair." Hamburg Nord is not a desert. Yet in its ten years' history massive changes have taken place in attitudes to location, in linkages between enterprises, in the etchnology of office work, and in the cost of energy. These changes are so great and open-ended that Hamburg Nord is already on its way to becoming an anachronism—a victim of its environment, just like the dinosaur.

The lessons about energy and technology are obvious: planning, however thorough, is no good unless the unexpected is used to kindle opportunities, not to extinguish them. The lesson about location is more complex. In Hamburg Nord sterile city planning and corporate privatism have missed the vital trick of creating new enterprises out of old, of allowing small businesses to thrive symbiotically with the large. This trick is the simple but vital one of creating new enterprises, new cities.

Managers and architects look about you and beware.

# GEC wants a 'more exciting' line of research

BY DAVID FISHLOCK

GEC is setting up a new research laboratory at its Hirst Research Centre in Wembley, to conduct long-range research on the problems of designing complex engineering systems—especially military ones. This expansion is the first major change in research policy introduced by Derek Roberts, the former Plessey executive, since taking up his new post as GEC's director of research last year.

As research director, Roberts, 48, oversees a £20m budget spanning four research centres. He manages the biggest, at Wembley, where nearly half the cash is spent. His new laboratory will be dedicated to the long-range problems of one GEC company, Marconi Space and Defence Systems (MSDS), much as the telecommunications research laboratory at Wembley is devoted to the problems of GEC Telecommunications.

But the problems of the MSDS laboratory—arising from the rapid development of micro-electronics and the fact that complete sub-systems can now be made on a single "chip"—are problems involving the whole of the Hirst Research Centre.

MSDS, predominantly a defence development and engineering company with sales exceeding £100m a year, is already a major customer of the Hirst Research Centre. John Williams, chosen to head the new laboratory, hopes to recruit a team of about 30-32 professional staff by the end of the year. His programme opens with work on three fast-developing types of sub-system: optical signal processing based on gallium arsenide integrated circuits; millimetre wave communications; and advanced kinds of infra-red sensors.

Under Roberts, the Hirst Research Centre will continue to operate as a contract research centre to the GEC group. About 80 per cent of its work is done under the customer-contractor relationship made famous in the early seventies by Lord Rothschild: "The customer says what he wants. The contractor does it (if he can); and the customer pays." The other 20 per cent is financed from group headquarters.

Sir Robert Clayton, technical director of GEC, calls the company's approach to research funding "intelligent Rothschild." Much of the contracted research comes from about 30 of the 100-odd GEC companies, most of which have their own development and engineering resources.

## Change of emphasis

For about two years before the arrival of Derek Roberts, Sir Robert Clayton himself had to run the Hirst Research Centre. This could not continue for several reasons, not least because, as the group's auditor of research and development policy, he must sit in judgment on its central research effort. He had also become deeply involved in advising government, through his work for the Advisory Council on Applied Research and Development (ACARD).

He recruited Roberts from one of GEC's principal rivals in micro-electronics in Britain. Roberts ended a 25-year career with Plessey—he joined as a graduate—as managing director of Plessey Microelectronics, and the main architect of its policy of concentrating on "specials" rather than mass-produced chips. Roberts has also been a major influence in government policy for the education of engineers in micro-electronics.

Diplomatically, Roberts refers to the changes he is now introducing at Wembley as "changes of emphasis." Clayton is more blunt and talks of overcoming "an inbred NIH—not invented here—factor." The time had come for a change in research policy and it needed an outsider to do it, he says. But both recognise that the GEC group is a cross-section of British industry as a whole, with companies founded on turn-of-the-century engineering rubbing shoulders with companies right in the forefront of technology.

Clayton chose a research director schooled in solid-state physics "because that is the future." But his brief to Roberts has been to rekindle the enthusiasm of an ageing research base. "I want GEC research to be more exciting—I want a higher risk factor in our research." Roberts believes that one of his first problems is to make more people more aware of what GEC research is already doing. Even as a major rival he was unaware just how much research and technology the group was pursuing, he says.

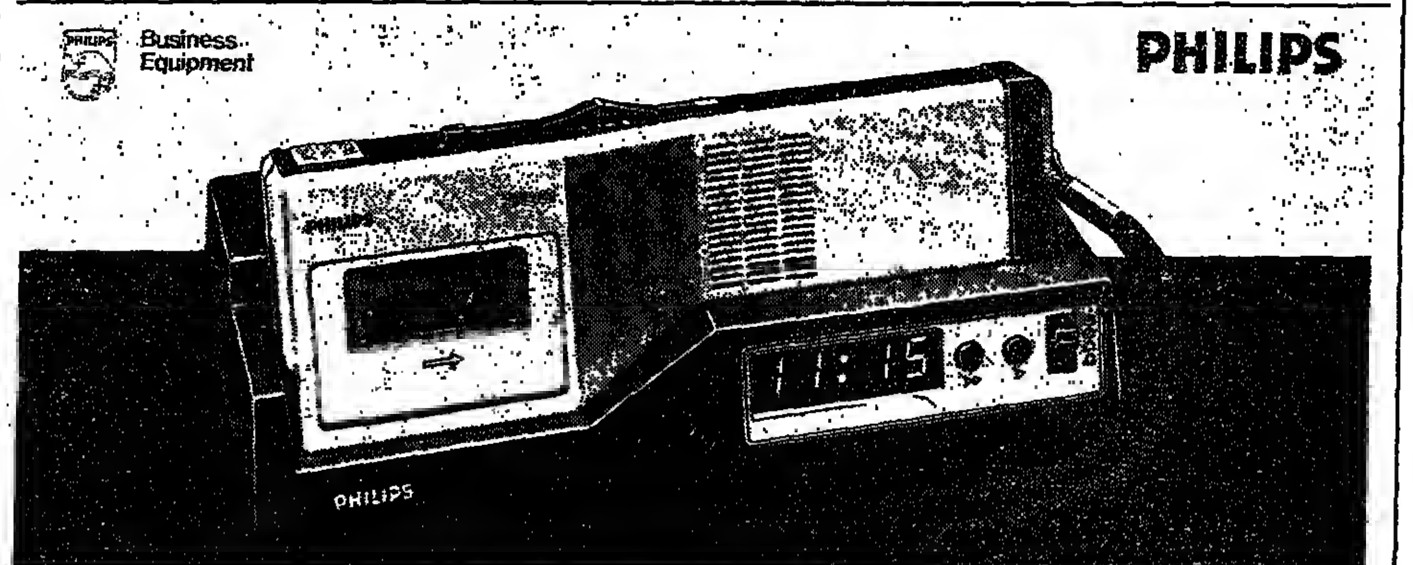
But his biggest asset is the simple fact that the GEC research programe is expanding. Both Hirst Research Centre and Great Baddow, GEC's other main research centre in Essex, expect to need 60 more qualified scientists or engineers each this year to fill all their vacancies.

As a novel aid to communications among his own research managers Roberts has just introduced a viewdata system developed in his laboratories. At the touch of a button on the small TV receiver on his desk he can discover who is the expert on any subject in the research centre, what vacancies for experts there are, what the current financial status of a project is. About 30 of his staff of 600, at Wembley will soon be equipped with their own terminal to a private GEC viewdata bank.

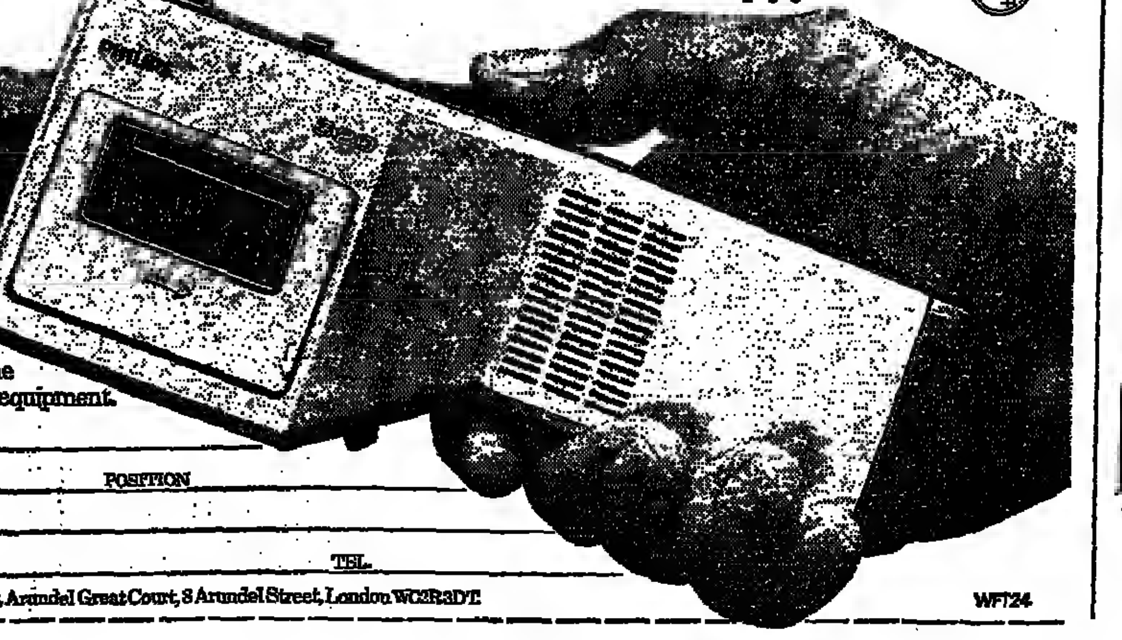
Hugh Routledge

*Derek Roberts: newly charged by GEC with the task of overcoming a "not invented here" resistance to outside ideas. "I want GEC research to be more exciting," says Roberts. "I want a higher risk factor"*













LOMBARD

# Cutting PSBR: the real effects

BY ANTHONY HARRIS

WHAT IS the effect of cutting the PSBR? Samuel Brittan argued in these columns recently that it *might* take some time for a PSBR cut to affect interest rates: and yesterday I had some fun at the expense of those who seem to think that a cut will have no effect at all. That may look like a disagreement: but the fact is that the whole question is a great deal more complicated than it looks at first sight. The effects depend enormously on external circumstances, and how the cut is achieved.

## Savings habits

The simple case against cutting the PSBR goes like this. The personal sector has pretty *stable savings habits*—much of its saving is contractual. Banks are simply a pipeline. So the only result is to squeeze companies (and perhaps improve the balance of payments a bit). The benefit, if any, is not worth the cost.

This is too simple by at least three quarters. It implicitly assumes that here is no effect either on interest rates or on the exchange rate, and the *assertion about personal saving* is wrong. It also leaves out monetary targets. In short, this analysis is a throw-back to the old days of fixed rates, exchange controls, and Bank Rate administered according to some moral law, and neglects all the recent work about personal saving.

Let us start again from a real world with a money supply controlled by selling gilts, a floating rate and open exchanges. Now assume that the supply of gilts for sale drops, because the Government's need to borrow outside the banking system has been cut. Fund managers must put their money somewhere. Where? They can buy property — about 90 per cent pipeline and 10 per cent construction; or they can buy company securities (a pipeline unless companies are issuing them) or foreign securities.

Now these changes tend to have one or more of three effects. Either money is fed back into capital formation at home (probably very little at first), or interest rates tend to fall (as gilts become scarcer and companies can fund some of their bank indebtedness) or there will be a capital outflow and the *exchange rate will tend to fall*. But for the same reason *the balance of payments will tend to improve* (the capital account of the balance *of payments is the mirror image* of the current account).

Roughly, when British interest rates are abnormally high — as they have *usually* been — the main effect might be on interest rates: but when rates are high everywhere, as at present, the effect on the exchange rate and the balance of payments will probably predominate.

Now the one clear thing about these effects are that they help rather than hurt industrial and *commercial* companies. A fall in interest rates is a very direct help, at the expense of bank profits and personal savers. A fall in the exchange rate is even more helpful: its lifts the lid on prices, and goes straight through to margins. Of course, this means that cutting the PSBR may even raise "inflation" for a time: excessive public *borrowing* has been blocking overdue adjustments to past inflation, and maintaining real incomes at unrealistic levels. But it is hard to see how we are to recover as an economy without an initial cut in real incomes, anyway.

## Good fairy

Of course this is a very simple, first-round effect sketch of the repercussions of cutting the PSBR, and begs the question of how the cut is achieved. If it was achieved by higher taxes, or a *cut in public spending* with the private sector, we are only discussing a way in which the system feeds out compensation for an apparently deflationary act. The total effect on the growth rate is probably small. But suppose that some good fairy should offer to cut the PSBR by magic, without any effect on prices, or on the taxes paid by any of the hard-pressed potential victims. And then remember that there is a sixth sector which is not hard-pressed, called oil; and look at the projections for PRT. . . .

# Problems behind an old world facade

BY ANTHONY MORETON

AROUND BRITAIN

**CHESHIRE**

THERE IS a disposition to think of Cheshire as a county of small market towns, rich farms and suburban outposts of Manchester and Liverpool. The names that come to mind are Roman Chester, suburban Knutsford and leafy Alderley Edge.

It *is* a county, in *fact*, with considerable concentrations of *industry and houses some* of the biggest names in British industry—ICI at Runcorn, Vauxhall at Ellesmere Port, Rolls-Royce and British Rail Engineering at Crewe, the Atomic Energy Authority at Warrington and Shell Oil at Stanlow and Fodens at Sandbach. One new addition, GEC-Fairchild, will bring 1,000 jobs to Neston.

The fact that attracting industry to this green and pleasant county is more like swimming with the tide than against it cannot disguise its need for the creation of even more job opportunities.

Between 1974 and 1986 the county has to find 80,000 more jobs just to keep up with the bulge of school leavers—and Cheshire is *already* falling behind. About 1,000 of the displaced steelworkers at Shotton, over the county border in Clwyd, live in Cheshire. Life may be pleasant in Cheshire but it is not idyllic and there is still a lot that has to be done in improving employment prospects.

Where Cheshire *has* succeeded is in attracting high-technology firms and *especially* those engaged in research. GEC-Fairchild is *only* the latest example: the county was asked to submit a tender for the Inmos project, and did, but there is not much hope of that arriving since it has GEC-Fairchild.

The county has also been fortunate in having two new towns—Warrington and Runcorn—to act as a focus for industry. New towns have traditionally attracted light manufacturing and distribution industries and both of them have played a part in diversifying the industrial base.

An outsider might consider that having two new economic development areas on its doorstep could harm industrial prospects, but Cheshire takes a different view. Both Liverpool and Manchester have launched strong campaigns to draw in industry and an urban development corporation is to be established in *Liverpool*, *to draw* in industry: Cheshire *feels* these could be of help since some people living in the county are bound to *travel across* boundaries to take work in any new *projects*.

As in so many other places, the county believes that the best opportunities for job *creation will come* from *the* encouragement of small firms and it *eagerly* joined a project started by ICI's Mond division to help small businesses and budding entrepreneurs. Last November it co-operated in the setting up of Business Link in Halton — the old Runcorn and Widnes—a company limited by gurantee, funded by five bodies and backed by two banks.

## Expertise

The origins of Business Link lay in a programme ICI Mond started in the mid-1970s to help young people. Out of it emerged a project to help small businesses capitalise on the big company's experience. *ICI* approached the county and some other organisations to see *if* they would be interested in participating. Cheshire, Runcorn Development Corporation, Halton Borough Council and the Grosvenor Estate Commercial Developments joined in with finance: the Midland and National Westminster banks *added* expertise.

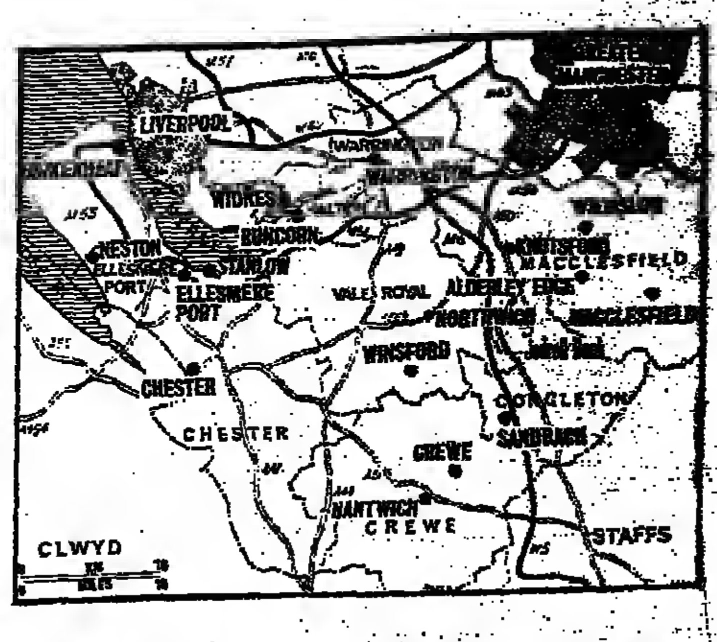
Business Link does not provide finance for any project but it will help in preparing financial cases and can effect introductions to local financial *institutions*. It also encourages big firms to examine how their *commercial* policy can help the small man.

Business Link is run by Harry Laws, an accountant with a grocery chain before he joined Ellesmere Port as industrial liaison manager, and ICI has put in a line manager, Alan Griffiths, to help get the project off the ground. High street premises have been found in Runcorn.

The main aim, according to Mr. Griffiths, is "to act as a listening post. We chat to people and give them confidence. We also offer practical help in finding *premises* or offer *an* introduction to the banks."

By the end of January, Business Link had dealt with 46 inquiries, ranging from people wanting to turn a hobby *such* as *model-making into* a commercial enterprise to a man *thinking of setting up a joinery* concern. With the closure of part of Shotton, the council believes that Business Link's activities will increase enormously.

Helping two or three people get on their feet industrially may be important but it will *not* help the thousand or *so* displaced at Shotton. Cheshire would like to promote itself much more overseas as one way of bridging the gap, but this is expensive and would take time to produce results. So it is paying more attention to backing local undertakings, such as the industrial fair which was attended by over 100 exhibitors last year and which will probably be repeated this year, and being *represented* at other people's exhibitions. This way *it can* aid the *local* economy with the minimum of financial outlay.




The great need, though, is for more land. Even in a situation where employment is not growing there is a need for 2 per cent more space each year to absorb the natural growth in the labour force. But Cheshire has just 786 acres available, of which nearly 300 are in Warrington and another 111 in Halton. The county considers this to be "quite insufficient to meet our job requirements."

*Its solution would be to* remove some of the constraints on allocating land for industry. In a highly rural county this inevitably runs up against powerful opposition. If there is not to be forced migration of young people some compromise will have to be found.

# Royal Obligation is set to give Bradwell another chance

**RACING**

BY DARE WIGAN

THE CROWN Plus Two apprentice championship, a deservedly successful and much respected series, gets under way again at *Doncaster this afternoon when* 23 *are* due to line up *for* the first round at 3 pm.

A year ago that remarkably cool and unflappable rider, Paul *Bradwell, landed this race* for Clive Brittain, to whose Carlburg *stable* he *is* attached. It is not beyond the realms of possibility that Royal Obligation will do the trick for him this time.

Royal Obligation, a good looking four-year-old by Busted out of *Lady* of Chaloo, produced by far his best performance last term when beating Gibbon cleverly over this one mile course in September. He is preferred to Fidibus.

In the Hall Gate Handicap the two who interest me most are the badly drawn Laska Floko and that consistent Prince Regent gelding, Azerila.

Laska Floko, although a major disappointment to Clive *Brittain* and *his owner*, Capt. Marcos Lemos, after running fifth behind Lypbard's Wish in the Mecca-Dante ten months ago did, nevertheless, do reasonably well to beat Imperial Ace in a hotly contested maiden event at Ascot in July. Now that his handicap rating has dropped so dramatically such a race as today's should soon go Laska Floko's way.

Earlier in the afternoon Bill Marshall, whose string usually gets off to a quick start, can take the River Don Selling Stakes through Roander.

**DONCASTER**

2.00—Roander***
2.30—Shi's Double
3.00—Royal Obligation**
3.30—Lasko Floko
4.00—Maris Bard
4.30—Tom Strauss*

# TV/Radio

† Indicates programme in black and white

## BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister *Men*. 2.02 For Schools, Colleges. 3.02 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Roobarb and Secret Squirrel. 4.30 Jackanory. 4.45 Tarzan, Lord of the Jungle. 5.05 Rentaghost. 5.35 *Paddington*.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Young Maverick.
7.50 Butterflies.
8.20 Francis Durbridge.
8.50 Points of View.
9.00 News.
9.25 The Eddie Capra *Mysteries*.
10.15 The Fall and Rise of Reginald Perrin (London and South East only).
10.45 Regional, National News.
10.50 The Late Film: "The Pit And The Pendulum," starring Vincent Price.

All Regions as BBC-1 except as follows:—

Wales—1.45-2.00 pm Cwmtigili. 5.05-5.40 God's Wonderful Railway. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20-7.50 Pobol y Cwm. *10.15 Week In Week Out*. 11.05 News for Wales. 11.06-12.19 am The Late Film: "Such Dust As Dreams Are Made On."

*Scotland—11.00-11.20 am For* Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Spectrum. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 *Lifetimes* with Robert Elegant, American war correspondent. 10.45-10.50 Regional, National News. 12.15 am News and Weather for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Killing Us Softly: *Midlands* (Birmingham) Action 80!; North (Leeds) Jimmy Savile's Yorkshire Speakeasy; North East (Newcastle) Coast to Coast; North West (Manchester) Home Ground; South (Southampton) Bioscope Days; South West (Plymouth) To The Uttermost Part Of The Earth; West (Bristol) The Producers.

## BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC-1 3.55 pm).
4.50 pm Open University.
6.55 Gardeners' World.
7.20 Mid-Evening News.
7.30 Five to One.
8.00 Public School.
8.30 Vikings!
9.00 Pot Black 80.
9.25 Golf.
10.15 Thérèse Raquin.
11.10 Jazz, with Willie Bobo, Salome Bey and Spyro Gyra.
11.40 Late News.
11.55 Friday Night . . . Saturday Morning.

## LONDON

9.30 am Schools Programmes. 11.55 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon A Time. 12.30 The Television Programme. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.25 Racing *from Doncaster*. 3.45 The *Entertainers* (Georgie Fame). 4.15 The Tomorrow People. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Muppet Show.
7.30 Play Your Cards Right.
8.00 Life Begins at Forty.
8.30 Hawaii Five-O.
9.30 Fully Licensed for Singing and Dancing.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Pro-Celebrity Snooker.
12.30 am Close: Personal choice with Leslie Crowther.

All IBA Regions as London except at the following times:—

## ANGLIA

1.25 pm Anglia News. 3.45 Chopper One. 6.15 Happy Days. 6.00 About Anglia. 10.30 7 Days. 11.00 Friday Late Film: "The Slender Thread." 12.45 am Men Who Matter.

## ATV

12.30 pm Out of Town. 1.20 ATV Newsdesk. 3.45 Money-Go-Round. 6.00 ATV Today. 11.00 ATV Newsdesk. 11.05 Murder at the Movies: "Judge One in the Monastery Murders."

## BORDER

1.20 pm Border News. 3.45 The Flintstones. 6.15 Bailey's Bird. 6.00 Lookaround Friday. 6.30 Thingummyjig. 10.30 A Summer Rose. 11.00 Friday Night Movie: "City of the Dead." 12.25 am Border News Summary.

## CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 3.45 What's On Next. 6.00 Report At Six. 8.35 Documentary (Grey Angels of Small Hope). 6.30 The Incredible Hulk. 10.28 Channel Late News. 10.35 Jack Duff and Friends. 10.55 TV Movie Premiere: "The Widow." 12.40 News and Weather in French.

## GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 3.45 The Beachcombers. 6.00 North Tonight and Area Weather Forecast. 6.35 Sportscall. 8.30 Vegas. 10.30 Reflections. 10.35 The Late Night Horror Show: "Twins of Evil." 12.15 am North Headlines and Road and Ski Report.

## GRANADA

†11.50 am Stamp Stories. 1.20 pm Granada Reports. 2.00 Live From Two. 3.45 Stars On Ice. 6.15 The Roll Harris Show. 6.00 Granada Reports. 6.30 Kick Off. 8.30 Vegas. 10.30 Double Vision. 11.15 Soap. †11.45 House of Horrors: "Eye of the Devil."

## HTV

1.20 pm Report West Headlines. 3.45 Ouch! 5.15 How's Your Father. 6.00 Report West. 6.30 The Muppet Show. 7.00 Emmerdale Farm. 8.30 A Man Called Sloane. 10.35 Report Extra. 11.05 The Friday Film: "The Straw Man."

HTV Cymru/Wales — As HTV West/HTV General Service except: 10.31-10.46 am About Wales. 10.48-11.08 Am Gymru. 12.00-12.10 pm Mistar Clei. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur a Champ. 5.15-5.45 Mork and Mindy. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Agenda. 11.35-12.30 am Sidestreet.

## SCOTTISH

1.20 pm News and Road and Weather. 3.45 Money-Go-Round. 5.15 The Electric Theatre Show. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.30 Thingummyjig. 9.30 Love Thy Neighbour. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "Vampire Circus."

## SOUTHERN

1.20 pm Southern News. 3.45 Stars On Ice. 6.15 Mork and Mindy. 6.00 Day by Day. 6.00 Scene South East (South East area only). 6.30 Out of Town. 8.30 Streets of San Francisco. 10.30 Southern News Extra. 10.35 Southern Report. 11.05 Soap. 11.35 The Late, Late Show: "Chinese Roulette."

## TYNE TEES

9.20 am The Good Word followed by North East News *Headlines*. 1.20 pm North East News and Lookaround. 3.45 The Train. 5.15 Laverne and Shirley. 6.00 Northern Life and Sportstime. 10.30 North East News Headlines. 10.35 Friday Late Movie: "The Family Way." 12.40 am Epilogue.

## ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.30 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "Death Sentence." 12.20 am Bedtime.

## WESTWARD

1.20 pm Westward News Headlines. 3.45 What's On Next. 4.12 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.50 Just The Job. 8.30 The Incredible Hulk. 10.32 Westward Late News. 10.36 Sportstime. 10.55 TV Movie Premiere: "The Widow." 12.40 am Faith For Life. 12.45 West Country Weather and Shipping Forecast.

## YORKSHIRE

10.25 am Friends of Man. 10.48 For Schools. 11.55 The Animates. 1.20 pm Calendar News. 3.45 McPhee, The Mother and Me. 6.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 11.00 The Family Night Film: "A Severed Head."

**Radio Wavelengths**

| | | | |
|---|---|---|---|
| 1 | 1053kHz/285m<br>1089kHz/275m | 3 | 200kHz/1500m<br>& 92.95vhf |
| 2 | 693kHz/433m<br>909kHz/330m<br>& 88-91vhf stereo | 4 | 1215kHz/247m<br>& 90-92.5vhf stereo |

BBC Radio London: 1485kHz, 206m & 94.9vhf
Capital Radio: 1458kHz 206m & 94.9vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

## RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

## RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 *Pause for Thought and 9.03 Top Five* Albums. 10.03 Jimmy Young (S). 12.03 pm David Hamilton from the Ideal Home Exhibition (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 Derek Hobson (S). 8.02 Friday Night Is *Music Night* (S). 9.55 Sports Desk. 10.02 Meike in His Diary. 10.30 Dorita presents Sounds of Latin America. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

## RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Holst (S). 10.00 Young Artists Recital (S). 10.55 BBC *Northern Ireland Orchestra* (S). 11.40 Haydn: Quartet in B flat (S). 12.05 pm Chicago Symphony Orchestra Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.55 The Arts Worldwide. 2.15 Choral Music from the USA (S). 2.55 Tippett: Sonata for four horns (S). 3.10 Stuttgart Piano Trio Concert, part 1 (S). 4.05 *Interval Reading*. 4.10 Concert, part 2. 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 8.20). 7.00 Machaut Chamber music concert (S). 7.10 One Pair of Ears. 7.25 Play It Again (S). 7.30 Bracha Eden and Alexander Tamir Piano recital, part 1 (S). 8.10 The Kaiser, The King and the Coming of War (talk by Paul Kennedy). 8.30 Recital, part 2 (S). 9.25 The Vision of Piers the Ploughman (S). 9.55 Building a Library of records (S). 10.25 O. H. Lawrence — 50 Years Later. 11.00 Martinu: Violin Sonata No. 3 (S). 11.55-12.00 News.

VHF only — 6.00-7.00 am and 6.20-7.00 pm Open University.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 *Today, including 6.45 Prayer for the* Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Between Two Lives. 11.50 *Bird of the Week*. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Wales. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.10 A Handful of Songs. 4.40 Preview. 4.45 Short Story. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; *programme news*. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 *Profile of Linton Kwesi Johnson*. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

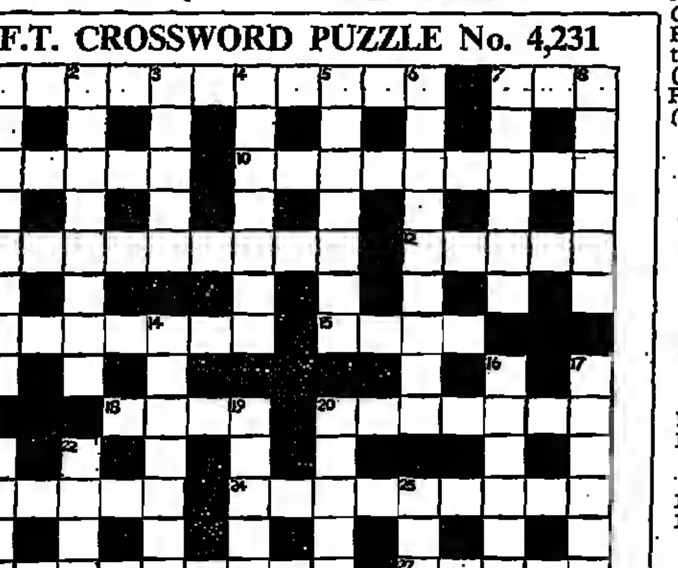
## London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

## Capital Radio

6.00 am Breakfast Show with Mike Smith (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Tod Sloan with Anna Ford — "How to get the Best for Your Child." 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Late Show (S). 2.00 *Night Flight* (S).

## F.T. CROSSWORD PUZZLE No. 4,231



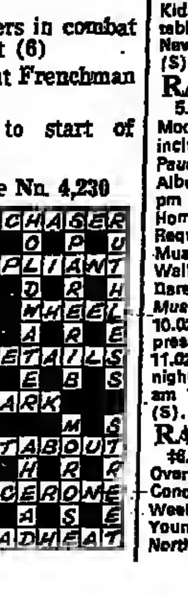
ACROSS

1 Professional label on? It's confused combatant! (11)
7 and 28 Expenditure but not in oyster-bed (6)
9 Birds' call for the small to enter race (5)
10 Commotion about Spike's rancidity (9)
11 Causing injury in the act of *attacking* (9)
12 Invective for sailor to employ (5)
13 Employment as a soldier could be a good turn (7)
15 Set of three try to admit eastern leader (4)
18 River in Paris I swam (4)
20 German volume a learner produces in the nature of a letter (7)
23 To the time when unit turned left (5)
24 Beget veal from plant? (9)
26 Premier measure taken by Scots on New Year's Eve (5-4)
27 Heath I caught briefly in time (5)
28 see 7 Across
29 Drive mad around grazing land in disorder (11)

DOWN

1 Braised meat and strange root in past (3-5)
2 Start shooting household warmer (4, 4)
3 Part of *play* now being performed in Greater London (5)
4 Away with team as a footballer may be (7)
5 Examine insect with soft inside (7)
6 *Competitor* in tent *chemically* combining power (9)
7 Start to make available for traffic (4, 2)
8 Let come up around fool and ornament (6)
14 Abused about article that's separated from the earth (9)
16 *Sideways like crustacean* that's intelligent (8)
17 *Change a book for a remedy* (8)
19 Liberator I relish outside (7)
20 Illuminate to make less heavy (7)
21 Two force leaders in combat for type of coat (6)
22 Rough tale about Frenchman (6)
25 Subject them to start of exercises (5)

Solution to Puzzle No. 4,230




# ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 240 5258. Reservations 836 3161. [illegible]

THEATRES

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri. Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR [illegible]

[illegible]

YOUNG VIC STUDIO. 928 6363. Ton't 7.45. THE IMPORTANCE OF BEING IRISH.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: APOCALYPSE NOW (X). Wk. & Sun. 1.15, 4.30, 7.55. Late show Sat. 11.00. 70mm Dolby Stereo. 2: THE ONION FIELD (X). Wk. & Sun. 2.00, 5.00, 8.00. Late show Sat. 11.00.

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# THE ARTS

**Cinema**

# Divorce, American-style

by NIGEL ANDREWS

**Kramer vs. Kramer (A)** Odeon, Leicester Square
**North Dallas Forty (X)** Ritz
**Murder By Decree (AA)** *ABC Shaftesbury Avenue*
**Bhuika—The Role (A)** Phoenix, East Finchley
**The Runner Stumbles (A)** Odeon Haymarket
**The Magician of Lublin (X)** Classic Haymarket, and selected release
**Tex Avery** National *Film* Theatre

*Kramer vs. Kramer*, which has trailed a blaze of box-office glory across America and which opened here on Tuesday with a Royal Film Performance, is an often funny, sometimes touching but ultimately oh-so-cosy-and-loaded picture of that great American institution, divorce: and the inequality of its consequences.

Who gets custody of the child?, asks the movie as six-year-old Billy is caught in a tug-of-war between conflicting parental parties. On my right, Dustin Hoffman, male-chauvinist advertising whizz-kid living on a comfy income in New York. On my lift Meryl Streep, Hoffman's beautiful *frau*, now distempered *hausfrau*, who runs off to California for freedom and psychiatric therapy, sues Mr. H successfully for divorce and then comes back 18 months later to claim their child.

*Kramer vs Kramer* is directed and screenwritten by Robert Benton, once the *wunderkind* co-scripter of *Bonnie and Clyde*, and is about as far from that sour, savage folk tragedy as gathering mellowness and age could have arranged. It's a father's-eye-view of the imbroglio, focusing from start to finish on Hoffman's lovable child-tending inexpertise when left wifeless in New York—as he clucks and flusters through making French toast, cleaning up spilled drinks and soothing Billy through a stitching operation after a playground fall—and giving Hoffman the lion's share not only of screen time but of the audience's sympathy. *Ms* Streep stalks mesmerically in and out of the movie, making a fair and effective grab for *our tear-ducts in the climactic* courtroom scene, and bidding by sheer presence and commitment to save the film from becoming a totally partisan vote of confidence in the paternal virtues of love-and-muddle-through.

But *it's an uphill struggle. Kramer vs Kramer* is a lopsided, sudsy movie that coasts through on its father-appeal, its star power and its easy-paced comedy and pathos, seldom firing our brains and hearts into a fresh response. As the plot unfolds, our every-father hero increasingly takes on *the halo* of Saint Dustin. Even the best of dads might be expected sometimes to lose *his cool* and reach for an expletive or a rolling-pin: but here—apart from a brief, *whirlwind tiff* over the consumption of ice-cream (before Master Billy has eaten *his meat and* onions)—*Hoffman* and son are a family duo right out of the text-books. Perhaps *the simplicities will be roughed* up and the biasses redressed in the next instalment—such are *the inevitabilities of success. Kramer vs Kramer Part Two* is already rumoured to be in the pipeline.

*North Dallas Forty* is the esoteric title of an often uncom*promisingly esoteric movie*. Subject, American football. And if the latter sport is as encoded a *mystery to you as to* me—an arcanely choreographed stampede of padded shoulders and *clashing helmets*—you may lose your compass bearings whenever the film *hits* the playing *field. But it's bouncy and* purposeful enough off the field to compensate.

Nick Nolte, that lumbering blond bear who fills out his laconic roles with so many grunts and sniffs and throat-clearings as virtually to double their duration, plays the over-the-hill ex-star of the North Dallas Bulls. He still plays, but mostly from the substitute's bench, and he *still* trains, though ever more creaky in the joints and pin-cushioned with *pain-killing injections. Will his* love for the game survive another testing season of professional pressures, or *will* he light off with his girlfriend (Dayle Haddon) for pastures new and fresh fields unsectioned by six-yard areas?

Director Ted Kotcheff brings *a rasping* comic punch to the backstage antics and agonies of sporting life: from scenes in the training gym, on exercise-machines purpose-designed, it *seems*, by the Spanish Inquisition, to the pre-match prayer meetings in which the team *coach gently* ushers in the visiting chaplain and urges his men to show respect with such words as "Take *your* f----- helmets off!" The movie also spins a nifty, witty parable of Sport for *Love versus Sport for* Hard Cash and Hard Success: placing its hero right at the cutting edge where the promotional and bureaucratic pressures of the modern game are dividing Amateur *from Professional* with nothing much more subtle or merciful than a meat cleaver.

★

"You squashed my pea," murmurs Dr. Watson to Sherlock Holmes, his voice *piano* with shocked reproach, as the Great Detective takes a table-knife and crushes the last vegetable on his friend's plate. Home life at 221B Baker Street has never been quite the same since Billy Wilder put Conan Doyle's sleuthing twosome through their comic paces in *The Private Life of Sherlock Holmes*, and domestic eccentricities are easily the strongest suit of John Hopkins's script for *Murder By Decree*. This Anglo-Canadian thriller pits the meerschaum-puffing shamus and his aide against the evildoings of Jack the Ripper. Place: Victorian London. Time: 1880.

Do you feel a twinge of *déja vu?* Well, you should, for Holmes has bearded the Ripper once before on the screen, in *the 1965 A Study In Terror*. So few marks to Mr. Hopkins and Canadian director Bob Clark for originality of *plot*. But high points for originality of treatment. Clark, who made the *spooky Black Christmas*, marries a cheerfully hyperbolic foreigner's-eye-view of Victorian *London—all fog and narrow*, cobbled streets—with a real flair for ghostly special effects. (His *horse-drawn cabs loom* up through a distorting lens like Celtic monsters.) And whenever Holmes and Watson come in out of the cold, Christopher Plummer and James Mason have a high time bandying domestic banalities across their bachelor pad. The film only comes unstuck when trying to unwind its over-labyrinthine *plot (a Watergate-style intrigue* that traces the Ripper's barbarities to the doors of West*minster) and to find a place* for more Special Guest Stars—Donald Sutherland, Genevieve Bujold, *David Hemmings, John* Gielgud, etc.—than you'd normally dine on in a month of *disaster films*.

★

My heart tries but fails to leap up when I behold a Shyam Benegal film on the screen. Don't think that I'm ungrateful *for the Bengali director's early* films: *Ankur—The Seedling* and *The Churning* had a slow-paced splendour as good as any Indian movies outside Satyajit Ray. But Benegal, though still the darling of Indian cinema's exportable film-makers, seems to me disastrously to have lost his way in recent years. *Bhumika—The Role* was made two films before *Junoon*, which lately flaunted its costumed follies at the Academy, and though it's marginally better than that it's still furlongs behind the exact and poignant delicacy of *Ankur*.

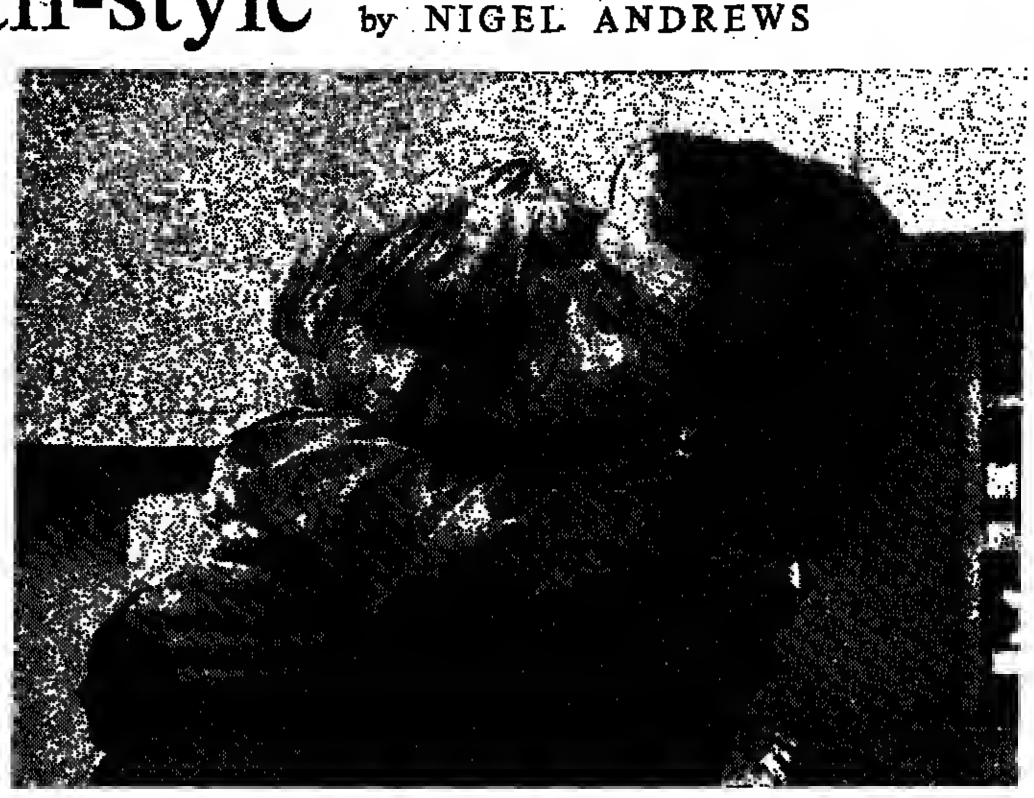
The life and times of an Indian film star (Smita Patel) are unveiled for us in a 2½-hour *pageant part colour* (for the present), part monochrome (for the past). Based on the auto*biography of a real actress, the* movie chronicles her sundry romances both on and off screen, and her *struggle—instinctual* rather than militant—to be a "liberated" woman in an India *where the female's place is in* the home, and preferably cooking chapatis or plying a needle and thread. *But the early* promise of a movie that explores ideas of the "role" in both *Life* and *Art is* dissipated by Benegal's lumpen direction and his inability to raise the story's *pulse above a level of soap-*opera what-will-happen-next. The movie drags on in its pre*destined way, through many* a pretty image and quaint subplot, but with scarcely a single *moment of invigorating surprise* or sudden truth.

★

*In this week's pentathlon of* pot-boilers *The Runner Stumbles* pips *The Magician of Lublin* at the post to win the gold medal. Yes, the tall man in a cassock with white hair *is* Dick Van *Dyke* and no, *The Runner Stumbles* is not a comedy. Passions froth in rural America as dog-collared Dick, beloved RC priest, takes a shine to young nun Kathleen Quinlan and then takes an axe to her. Or did he? You may discover for yourselves *in this rampant, raging melo*drama from Stanley *(Ship of Fools)* Kramer, which flash*backs merrily from Dick-on-trial* to a recreation of the secular *amours* that led to homicide. *Supporting suspects:* Maureen Stapleton, Ray Bolger, Tammy Grimes. Corny thick-eared but *oddly enjoyable.*

*The Magician of Lublin* answers to all but the last epithet. Alan Arkin rants and raves through fin-de-siecle Poland as the womanising showman hero of Isaac Bashevis Singer's Yiddish novel. Shelley Winters, Louise Fletcher and Valerie Perrine cross his path at intervals and are poleaxed by the script's awfulness. Menahem Golan directed. Isaac Singer is no doubt turning in his sleep, and the film should be avoided by all self-preserving filmgoers.

There's consolation at the National Film Theatre. Tex Avery, cartoonist extraordinary, has a three-day season devoted *to him in* which the screen will be eaten up by such winged, furry and/or four-footed *omnivores* as *Daffy Duck*, Bugs Bunny and Screwy Squirrel. Avery created or co-created these *biological miracles* while at Warners and MGM. Note the dates—Monday 24 to Wednes*day 26*—and *book now* while seats last.



Justin Henry and Dustin Hoffman in Kramer vs. Kramer

**Camden Festival**

# Italian Straw Hat/Mazeppa

by RONALD CRICHTON

Camden Festival is here again — light verse on Sunday; jazz, early music and contemporary dance on Monday; then on Tuesday the Chelsea Opera Group's concert version of *Mazeppa*. More opera on Wednesday night (staged this time) with the New Opera Company at the Collegiate giving the British premiere of Nino Rota's *Italian Straw Hat*, a "musical farce" based on the Labiche play which served so notably for a René Clair film. James Judd conducted the Wren Orchestra, Anthony Besch produced in biscuit-coloured Belle Epoque sets by Peter Rice. Mr. Besch showed a just feeling for what could be achieved in the time and a sensible avoidance of making the piece seem more than it is.

Rota was a prolific Milanese, best known for his film scores. The *Straw Hat* has qualities of métier which English composers aspiring to the opera house aren't often born with. Fluency, lightness, theatre sense, ability to knock off other composers' styles are among them. The Labiche farce provides a beautiful comic framework, giving pleasure even when the music is least rewarding. For though Rota has a knack for parody of romantic styles (Puccini included), for example when the half-demented bridegroom is trying to wheedle the essential article of millinery out of a culture-besotted Countess, or when poor cuckolded Beaupertuis bathes his rheumy feet, the pseudo-Offenbach animation and pseudo-Chabrier sauce wear terribly thin.

The performance is commendably polished—alas that the music so often dampens the spirits when it tries hardest to raise them. Stuart Kale plays and sings adroitly as Vézinet, the bridegroom whose wedding is postponed by the necessity of finding that hat and saving a not entirely deserving lady's honour. Anne Pashley is the lady in question, Sandra Dugdale the understandably puzzled bride. Anne Collins is the opulent Countess. Among the men Edward Byles, Terry Jenkins, Michael Follis, Malcolm Rivers and especially Paul Hudson (Beaupertuis) give pleasure. But the New Opera Company really should find something essentially newer than this.

★

*Chelsea Opera Group*'s annual offering to the festival (Logan Hall, Tuesday) Chaikovsky's *Mazeppa*, conducted by Mark Elder. The Mazeppa in question is not Byron's (and Liszt's) naked rider *but* Pushkin's elderly, half-savage Cossack warrior, a tremendous character crying for a Monteverdi or a Verdi to put him to music, and a Shalyapin to sing him. Not quite in Chaikovsky's range, yet the result is neither dull nor insignificant, while in the score as a whole (of which only a dance and a symphonic interlude are generally familiar) Chaikovsky gives a personal, intimate slant to the rough epic. More worth a staging, surely, than Rota's flimsy.

The performance (the first act, most of which I heard from the foyer, must be taken on trust) was vital and enjoyable in the best Chelsea way. The two principals, Michael Lewis (Mazeppa) and Eileen Hannan (Maria), are both gratefully remembered from the *Feuersnot*, of two years back. Mr. Lewis sang on Tuesday with an intensity sometimes threatening steadiness at the top. Maria, torn between loyalty to her father Kochubei and love for Mazeppa who has Kochubei killed, was vividly, sometimes shrilly, sung by Miss Hannan. She made much of the striking and touching mad scene at the end.

Maria's parents Kochubei and Liubov were *strongly* taken by Robert Dean (singing with admirable confidence as a replacement for Willard White) and Patricia Price. As Andrei, faithful to Maria from childhood days, Graham Clark's plangent tone was far nearer to Russian timbre than English tenors normally come. It was good to see the hall sold out on both evenings: one of the few consoling things about the present situation is that both inside and (as the success of Opera 80's first tour has shown) outside London there exists an opera public intelligent enough to realise that you can't have Domingo-class stars without top prices and, welcome though they be, that good opera doesn't depend on Domingos alone.

# New plays at Louisville

by B. A. YOUNG

It would have been possible, using that word in its broadest sense, to see the nine entries in the New Plays Festival at the Actors Theatre, Louisville, in two days. There were people who did that. But the recommended system was to take the plays three per day for three days, a project made easier by the unique friendliness, helpfulness and hospitality of everyone concerned, with bottomless vats of coffee always available. The theatre tingles with euphoria as the permanent company, reinforced by a possee of apprentices, launches into a programme that, at its height, involves them in 18 performances in three days. We, at least, are not so hard pressed.

This year's festival, which ends on March 23, is the fourth. Previous festivals have turned up plays as successful as *Gin Game*. The event's fame as a show place for new American drama shows in the figure of 4,000 new scripts submitted each year, about 1,500 of them entries in the national playwriting competition run by the theatre.

There are two auditoriums, the Pamela Brown, seating 637 around a thrust stage, and the *small* Victor Jory holding 160. (Naming the smaller house the Victor Jory is significant; the *company's Producing Director* is Jon Jory, Victor Jory's son.) Cabaret-style shows are also given in the restaurant below the Pamela Brown.

All nine plays at this year's *festival* were not full-scale drama. One indeed was such a cabaret as I just mentioned, its subject and title being *Doctors and Diseases*. Peter Ekstrom, writer and composer, and Polly Pen, his associate, are nice performers, but a little of "I'm going to kill myself tomorrow" and "We've just placed our mother in Greenlawns" goes a long way.

*The American Project* was a kind of entertainment too, rather than drama. This was sponsored by Bingham Enterprises, the local communications giants. Ten writers from English-speaking nations outside the U.S. were invited to write 10-minute sketches about Americans. To my fury, what I saw was 10 sketches about the Americans' greed, vulgarity, insensitivity, and so on—and this in Kentucky, home of the most courteous people I ever met. (They made me a Kentucky colonel.) But there was one splendid moment, when a drunken bum who had been mopping up filth from the street casually threw his rag into the audience. (Dierk Toporzysek in this part, written by Athol Fugard, was outstanding.)

Of the serious drama, only one piece would qualify as a "play of ideas," a potentially interesting play by John Pielmeier called *Agnes of God*. Agnes is a nun in whose room the Mother Superior discovers a new-born baby strangled with its umbilical cord. The argument that develops is that Mother Miriam Ruth genuinely believes that Agnes has had a virgin birth, whereas atheistical psychiatrist Martha Livingstone, who has no *time* for miracles, thinks that someone is being shielded. There is interesting *discussion of the problems* of belief, even of virgin birth; if you can have a psychosomatic stomach-ulcer, why not a psychosomatic baby? Agnes has psychosomatic stigmata before our very eyes—a phenomenon whose like has been reported in real life; it's a pity that Walton Jones, the director, makes them so large and bloody as to challenge likelihood.

Potentially fertile as the play's theme is, Mr. Pielmeier has spoilt it by over-elaboration until we are nudging the world of *The Exorcist*. But the play is there to be saved; it is always good to hear an audience arguing as they leave.

Mr. Pielmeier turns up again in *Today a Little Extra* by Michael Kassin, a slice-of-life play about a young, ambitious, liberal Jew, Levine, taking over a Kosher butcher's shop from a long-established, aged, conservative Jew, Abrams. It's really a one-act play in which Abrams is reconciled to handing over his responsibilities, which include the widow Finkelstein, only when he sees that Levine understands the honesty of his little cheats. But a profoundly sentimental second act is added, really another play altogether. No writer using the accepted felicities of European-American-Jewish English can help scoring points, and Mr. Pielmeier's bland of arrogance with uncertainty makes a happy contrast to the stereotypes of others. But . . . *Weekends Like Other People* by David Blomquist is another slice-of-life from a different ethnic pool. This clearly is Mr. Jory's favourite style this year. In *Weekends*, brainless but self-satisfied Dan bickers with brainless but domestically efficient Laurie until they row over those things long-married couples row over, and then slide back into the prospect of the same kind of *life for ever. Nicely observed*, nicely played by Carol Teitel and Pat McNamara. Yet . . .

If you want a really good slice of life, juicy and beautifully cooked, California is the place. *Sunset/Sunrise* by Adele Edling Shank is played on one of the most enchanting sets I ever saw, designed, like all the sets in the festival, by Paul Owen. Across the entire width of the auditorium there stretches the back patio of James's California home. It includes a 1950 Pontiac that the boy lives in, a practical ping-pong table, a Boca Hot Tub of kiln-dried redwood, a bar, a barbecue, garden chairs, a picnic table and a television screen through which the youngest daughter has to speak because she believes she is allergic to everything.

I can not detail the story, for Ms Shank has 13 characters on stage almost all the time, and they are never left out of the picture. That they remain so much alive even when they have little to do is the result of some really masterly direction by Jon Jory. *Activity consists* mostly of sexual dalliance, but the tension between James and *his wife (Pirie MacDonald* and Nada Rowland) is subtly traced up to the moment when James *falls drunkenly into the tub* and brings the trouble to the fore. For delicately skilful and witty *writing, this heads the Louis*ville table for me.

There is another comedy in the same genre, all the same, *They're Coming to Make It Brighter* by Kent Broadhurst. Mr. Broadhurst, like Mr. Pielmeier, is a member of the acting company, and his comedy is full of beautifully-written cameo parts, including one for himself as a dandy knocked down by a truck, which he plays as beautifully as he writes. The venue is unusual—the lobby of a New York office-building where one of the three lifts is out of order and electricians are fitting new lights on Christmas Eve to boost their overtime.

Mr. Broadhurst shines at situations, but offers only a one-thing after-another evening, which even another excellent display of direction of Mr. Jory can't coagulate into a cohesive play. Those cameos are lovely, all the same—Gene O'Neill (not the one who wrote *The Iceman Cometh*) as a pea-brained electrician, Nada Rowland as a secretary, Ray Fry (who is Abrams in *Today a Little Extra*) as a Jewish tycoon who gives everyone mink for Christmas, Billie Brenan as a distressed widow. The main weight of the play is carried by four black actors, three elevator-men and a shoe-shine boy, which might make it hard to cast this side of the ocean.

Three one-acters to wind up with. Two by Shirley Lauro form a double bill, *Power Plays*. The first is light-hearted, the second sinister, and both end, with a cleverly placed climax, in an exhibition of female dominance. Ms. Lauro writes very well.

So does Ray Aranha, but his long monologue *Remington* is adapted from existing writing by an eponymous American writer (best known to us, if at all, by his paintings of life in the old West). There is something sinister about *Remington* too, for the writing glorifies the old-time American soldier in his campaign to subdue the indigenous American Indians; and Mr. Aranha, resident playwright at Louisville, is black. Now there is another piece that should set you arguing as you leave.

Louisville is a city that takes the arts seriously. It has its own symphony orchestra and its own ballet (with which Baryshnikov has danced). It is well equipped with hotels and restaurants which seemed to me amazingly cheap, though no doubt the Carter Package will help correct that. The Kentucky Derby is run there in the first week of May.

Anne Pitoniak and Mia Dillon in a scene from Agnes of God.

# WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 12, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

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| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (O) | 44.00 |
| Albania | Lek | 4.6282 |
| Algeria | Dinar | 3.8325 |
| Andorra | French Franc | 4.356 |
| | Spanish Peseta | 69.565 |
| Angola | Kwanza | 37.627 |
| Antigua | E. Caribbean $ | 2.7025 |
| Argentina | Argentina Peso | 1786.50 |
| Australia | Australian $ | 0.9132 |
| Austria | Schilling | 13.40 |
| Azores | Portug. Escudo | 50.05 |
| Bahamas | Bahamian $ | 1.00 |
| Bahrain | Dinar | 0.3778 |
| Balearic Isles | Spanish Peseta | 69.565 |
| Bangladesh | Taka | 15.6595 |
| Barbados | Barbados $ | 2.01 |
| Belgium | B. Franc (C) | 30.2276 |
| | B. Franc (F) | 31.685 |
| Belize | Belize $ | 2.00 |
| Benin | C.F.A. Franc | 217.80 |
| Bermuda | Bda $ | 1.00 |
| Bhutan | Indian Rupee | 8.1443 |
| Bolivia | Bolivian Peso | 25.00 |
| Botswana | Pula | 0.781 |
| Brazil | Cruzeiro | 46.70 |
| Brit. Virgin Isles | U.S. $ | 1.00 |
| Brunei | Brunei $ | 2.195 |
| Bulgaria | Lev | 0.879 |
| Burma | Kyat | 6.7271 |
| Burundi | Burundi Franc | 90.00 |
| Cameroun Republic | C.F.A. Franc | 217.80 |
| Canada | Canadian $ | 1.1758 |
| Canary Islands | Spanish Peseta | 69.565 |
| Cape Verde Isle | Cape V. Escudo | 43.51 |
| Cayman Islands | Cay. Is. $ | 0.833 |
| Cent. Af. Emp. | C.F.A. Franc | 217.80 |
| Chad | C.F.A. Franc | 217.80 |
| Chile | Chilean Peso (O) | 39.00 |
| China | Renminbi Yuan | 1.5743 |
| Colombia | Col. Peso (O) | 46.38 |
| Comoros Islands | C.F.A. Franc | 217.80 |
| Congo (Brazzaville) | C.F.A. Franc | 217.80 |
| Costa Rica | Colon | 8.57 |
| Cuba | Cuban Peso | 0.7865 |
| Cyprus | Cyprus Pound | 0.3553 |
| Czechoslovakia | Koruna (O) | 5.25 |
| Dem.Rep. S'oTome & Principe | S. Tome Dobra | 35.6076 |
| Denmark | Danish Krone | 6.8286 |
| Djibouti Rp. of | Djibouti Franc | 176.279 |
| Dominica | E. Caribbean $ | 2.7025 |
| Dominican Repub. | Domin'can Peso | 1.00 |
| Ecuador | Sucre | 27.20 |
| Egypt | Pound (3) | 0.6985 |
| El Salvador | Colon | 2.50 |
| Equatorial Guinea | Ekuele | 69.565 |
| Ethiopia | Birr (O) | 2.0655 |
| Faroe Islands | Danish Krone | 5.8286 |
| Falkland Islands | Falkland Is. £ * | 2.1965 |
| Fiji Islands | Fiji $ | 0.8459 |
| Finland | Markka | 3.9066 |
| France | French Franc | 4.356 |
| French C'ty in Af. | C.F.A. Franc | 217.80 |
| French Guiana | Local Franc | 4.356 |
| French Pacific Is. | C.F.P. Franc | 72.2741 |
| Gabon | C.F.A. Franc | 217.80 |
| Gambia | Dalasi | 1.8811 |
| Germany (East) | Ostmark (O) | 1.8702 |
| Germany (West) | Deutschemark | 1.8702 |
| Ghana | Cedi | 2.75 |
| Gibraltar | Pound * | 2.1965 |
| Gilbert Is. | Aust. $ | 0.9155 |
| Greece | Drachma | 40.17 |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Greenland | Danish Krone | 6.8285 |
| Grenada | E. Caribbean $ | 2.7025 |
| Guadaloupe | Local Franc | 4.356 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Bissau | Peso | 34.524 |
| Guinea Republic | Syli | 19.4351 |
| Guyana | Guyanese $ | 2.5558 |
| Haiti | Gourde | 5.00 |
| Honduras Repub | Lempira | 2.00 |
| Hong Kong | H.K. $ | 4.986 |
| Hungary | Forint (O) | 34.00 |
| Iceland | I. Krona | 363.40 |
| India | Ind. Rupee | 8.1448 |
| Indonesia | Rupiah | 625.00 |
| Iran | Rial | 71.50 |
| Iraq | Iraq Dinar | 0.2953 |
| Irish Republic | Irish Punt * | 1.9805 |
| Israel | Israeli Pound (4) | 40.51 |
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| Kampuchea | Riel | n.a. |
| Kenya | Kenya Shilling | 7.5015 |
| Korea (Nth) | Won | 0.94 |
| Korea (Sth) | Won | 580.50 |
| Kuwait | Kuwait Dinar | 0.2761 |
| Lao P'ple D. Rep | Kip of Lib. | 400.00 |
| Lebanon | Lebanese Pound | 3.4352 |
| Lesotho | Rand | 0.8096 |
| Liberia | Liberian $ | 1.00 |
| Libya | Libyan Dinar | 0.2961 |
| Liechtenstein | Swiss Franc | 1.7588 |
| Luxembourg | Lux Franc | 30.2976 |
| Macao | Pataca | 5.22 |
| Madagascar D. R. | MG Franc | 217.80 |
| Madeira | Portuguese Escudo | 50.05 |
| Malawi | Kwacha | 0.8125 |
| Malaysia | Ringgit | 2.205 |
| Maldive Islands | Mal Rupee | 3.83 |
| Mali Republic | Mali Franc | 466.60 |
| Malta | Maltese Pound | 0.356 |
| Martinique | Local Franc | 4.356 |
| Mauritania | Ouguiya | 43.56 |
| Mauritius | M. Rupee | 7.8591 |
| Mexico | Mexican Peso | 22.85 |
| Miquelon | C.F.A. Franc | 217.80 |
| Monaco | French Franc | 4.355 |
| Mongolia | Tugrik (O) | 3.3556 |
| Montserrat | E. Caribbean $ | 2.7025 |
| Morocco | Dirham | 3.8702 |
| Mozambique | Moz. Escudo | 22.6608 |
| Namibia | Rand | 0.8096 |
| Nauru Is. | Aust. $ | 0.9132 |
| Nepal | Nepalese Rupee | 12.00 |
| Netherlands | Dutch Guilder | 2.0485 |
| Netherland Antilles | Antillian Guild | 1.80 |
| New Hebrides | Aust. $ | 0.9132 |
| | FNH | 70.3243 |
| New Zealand | NZ $ | 1.059 |
| Nicaragua | Cordoba | 10.00 |
| Niger Republic | C.F.A. Franc | 217.80 |
| Nigeria | Naira (O) | 0.5803 |
| Norway | Norwg. Krone | 5.059 |
| Oman, Sultanate of | Rial Omani | 0.3456 |
| Pakistan | Pkst. Rupee | 9.91 |
| Panama | Balboa | 1.00 |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Papua N. Guinea | Kina | 0.6986 |
| Paraguay | Guarani | 137.30 |
| Peoples D. Repub. of Yemen | S. Yemen Dinar | 0.6416 |
| Peru | Sol | 265.37 |
| Philippines | Ph. Peso | 7.42 |
| Pitcairn Islands | NZ $ | 1.038 |
| Poland | Zloty (O) | 31.00 |
| Portugal | Port. Escudo | 50.05 |
| Port Timor | Timor Escudo | n.a. |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Qatar Ryal | 3.70 |
| Reunion Ile de la | French Franc | 4.356 |
| Rhodesia | Rhd $ | 0.6938 |
| Romania | Leu | 4.47 |
| Rwanda | Rwanda Franc | 92.84 |
| St. Christopher | E. Caribbean $ | 2.7025 |
| St. Helena | Sterling * | 2.1965 |
| St. Lucia | E. Caribbean $ | 2.7025 |
| St. Pierre | C. F.A. Franc | 4.356 |
| St. Vincent | E. Caribbean $ | 2.7025 |
| Samoa American | U.S. $ | 1.00 |
| San Marino | Italian Lira | 872.00 |
| Saudi Arabia | Saudi Riyal | 3.3397 |
| Senegal | C. F. A. Franc | 217.80 |
| Seychelles | S. Rupee | 6.0688 |
| Sierra Leone | Leone | 0.9105 |
| Singapore | Singapore $ | 2.196 |
| Solomon Islands | S.I. $ | 0.9132 |
| Somali Republic | Som. Shilling | 6.0241 |
| South Africa | Rand | 0.8096 |
| Spain | Peseta | 69.565 |
| Spanish ports in North Africa | Sp. Peseta | 69.565 |
| Sri Lanka | S. L. Rupee | 15.67 |
| Sudan Republic | Pound (2) | 0.50 |
| Sudan Republic | Pound (1) | 0.80 |
| Surinam | S. Guilder | 1.80 |
| Swaziland | Lilangeni | 0.8096 |
| Sweden | S. Krona | 4.38 |
| Switzerland | Swiss Franc | 1.7588 |
| Syria | Syria Pound | 3.9262 |
| Taiwan | New Taiwan $ (O) | 36.00 |
| Tanzania | Tan. Shilling | 8.2893 |
| Thailand | Baht | 20.50 |
| Togo Republic | C.F.A. Franc | 217.80 |
| Tonga Islands | Pa'anga | 0.9132 |
| Trinidad & Tob. | Trin. & Tob. $ | 2.4065 |
| Tunisia | Tunisian Dinar | 0.3961 |
| Turkey | Lira | 70.00 |
| Turks & Caicos | U.S. $ | 1.00 |
| Tuvalu | Australian $ | 0.9132 |
| Uganda | Ug. Shilling | 7.6015 |
| United Arab Emir. | UAE Dirham | 3.7365 |
| United Kingdom | £ Sterling | 2.1965 |
| Upper Volta | C.F.A. Franc | 217.80 |
| Uruguay | Urug. Peso (m) | 8.61 |
| U.S.S.R. | Rouble | 0.654 |
| Vatican | Italian Lira | 872.00 |
| Venezuela | Bolivar | 4.2937 |
| Vietnam N. | Dong (O) | 2.18 |
| Virgin Islands U.S. | U.S. $ | 1.00 |
| Western Samoa | Samoan Tala | 0.9385 |
| Yemen | Rial | 4.57 |
| Yugoslavia | New Y. Dinar | 20.0895 |
| Zaire Republic | Zaire Zaire | 1.5553 |
| Zambia | Kwacha | 0.808 |

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) *Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.*

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# A defensive Green Paper

THE GOVERNMENT'S consultative paper on monetary control is a rather strange document. It might he supposed that after so many months of labour, we would now be confronted with one or more than one official proposal for the future development of monetary control in this country, to be discussed with those most closely concerned. Instead, we are presented with some important decisions which are already firm—to abolish the banking "corset" as soon as is conveniently possible, to abolish the 12½ per cent reserve asset requirement, to tighteo up the control of bank liquidity, and to apply cash ratios across the whole of the banking sector, and not just the clearing banks.

### *Peripheral*

While we welcome these decisions, they are not coosultative proposals—except as to technical detail—and they are rather peripheral to the dehate on fundamental reforms which has been preoccupying and dividing the City for many months. On these matters the paper is no longer white, hut partly green and quite largely hlack. The bulk of the discussion is devoted not to setting out proposals from the authorities, but to analysing and largely demolishing proposals for monetary base control which have come from the outside.

It is easy to understand this defensive tone, for officials felt they were essentially engaged in a defensive operation; the proponents of monetary hase control had won considerable sympathy among Ministers, and therefore this became inevitably the top item on the agenda. However, the result is that the whole tone of the paper is rather forbidding, and unlikely to encourage the constructive discussion of less revolutionary changes.

### *Interference*

Furthermore, there is a huge hole in it. The main method in this country of mopping up any excess liquidity in the system created by Government horrowing is the sale of gilt-edged stock, a system which has heen widely criticised as expensive and unstable; but there is no discussion whatever of funding, which is at present the subject of a separate official study. If this is not Hamlet with the Prince, it is at least Hamlet without King Claudius.

What we have, then, is in many senses an interim document; but it does contain one important suggestion for possible change — a system of adjusting official interest rates automatically in response to movemeots in the mooey supply outside its target range. Thia is proposed in order to offer an alternative way of achleving one of the main merits claimed for a mooetary base system—a rule for ensuring that interest rates move quickly and without political or other interference to check excessive credit demand, or ease pressure in a recession.

While it is impossible to do justice to the arguments in the paper io a hrief comment, some central issues are clarified, and are worth a preliminary discussion.

First, the Government has dismissed any idea of altering the target of monetary control. For clarity and consistency Sterling M3 will remain the sole target, though other measures of money will he watched, and there may be detailed changes in definition. Secondly, any long-term attempt to control credit directly is rejected, since it leads only to distortions. For hoth these reasons, the corset must go—it is distorting the system, and indeed M3 itself.

### *Judgements*

It is largely because existing methods are alleged to have led to delayed adjustments of interest rates that the reformers have been so vocal; but the proposal for a policy operating through the monetary hase is rejected for reasons which are certalnly weighty, even if they are not conclusive. First, the hase has no stahle relationship with M3 itself. Secondly, tight control of the cash supply of the hanking system is seen as incompatible with lender-of-last-resort operations, which imply that hankable paper can always he turned into cash at a price.

This price—the short-term rate of interest—is therefore seen as the sola effective partner of fiscal policy in controlling money, and the only question left genuinely open is how interest rate decisions are made. In the last resort, of course, it is impossihle to make such decisions without making technical judgments, or indeed without consulting Ministers; but we would urge that a stronger presumption of automatic response to monetary conditions might help hoth confidenco and the officials concerned. The official notion of an indicator leaves this important question open, and we welcome the fact.

# Worrying over Italy

ITALY'S 42ND Government since the Second World War was formed without enthusiasm and anded on Wednesday amidst little surprise. It was intended to be a temporary government, and ao it has proved, lasting seven months. But, with the parliamentary arithmetic unchanged since last June's elections and with the parties at loggerheads, finding a strong successor to Sig. Francesco Cossiga will he no easy task.

### *No king-maker*

The last crisis continued for 193 days before Sig. Cossiga took office, backed by the Social Democrats and Liberals, and relying on the abstention of the Socialists. His resignation became unavoidable when the Socialists decided to vote against him. But far from heing the king-makers, the Socialists appear to have hrought the pillars of the temple down on their heads. The Left of the Socialist Party is accusing Sig. Bettino Craxi, the party leader, of leaking allegations of the scandal which forced a party opponent to leave his post as head of ENI, the State hydrocarbons corporation. Sig. Craxi is also accused of flouting party decisions aimed at coming to power with the Communists.

Such Byzantine in-fighting makes it a poor time for the Socialists to seek a larger say in power. Further, in May important regional elections are to he held. The two major parties, the Christian Democrats and the Communists, both believe they gain votes by opposing each other—and such policies usually see themh winning support from the smaller parties.

Last June's elections provided no immediate government but were important in that they saw the Christian Democrats able to maintain their share of the vote and the checking of the apparently inexorable rise of the Communists. Both parties won ahout 40 per cent of the vote, while the Socialists won 9 per cent. The Communists believe they suffered not only from their support for the government of Sig. Giulio Andreotti hut from the rise in terrorism and, in particular, the kidnapping of Sig. Aldo Moro, the former Prime Minister.

Since then the Italian Communist Party has had to hear the cross of the Soviet intervention in Afghanistan as well as anxiety over what might happen in their neighbour to the east after Tito goea. But in domeatic Italian politics it has lost far less from these issues than from Italy's continuing terrorism—of which the killing of three magistrates since the weekend is only the latest manifestation.

As a party committed to strong policing of violence, the Italian Communists are like the Christian Democrats, a party of "law and order." But though they condemn and abhor tha violence which is increasingly disturbing even the more hardened Italians, electorally the Communists pay for it.

In one senae, Italian governmental crises are an integral part of the country's democracy; the horse-trading involved ensures the balancing of different interests. In another, they are less important than they would be in a country where government was more effective and less devolved than in Italy. Last year, for instance, saw both Italy's longest post-war governmental crisis and the country having a $2bn surplus on capital and current account and the highest growth rate in the European Community.

But this year what went up is coming down—with the notable exception of consumer prices which rose 22 per cent in the year to February. Growth is expected to fall to less than 2 per cent, the terms of trade are deteriorating and the lira is under pressure.

### *International*

Then there is the international dimension. Italy holds the Presidency of the EEC. It is to host the Community summit in June as well as the West's economic summit. Maybe such factors will not weigh heavily in the political corridors of Rome, but they add to the anxiety with which the West watches this latest crisis. Britain in particular has reasons for concern as Italy had been its main ally in the row over British contributions to the EEC budget. Weakness in Rome will affect Brussels.

**POLITICS TODAY**

# The first full and frank 'Budget Speech'

THE FOLLOWING is an extract from next Wednesday's Hansard:—

**The Chancellor of the Exchequer (Sir Geoffrey Howe):** It is a little less than a year since I rose to present my first Budget at this Dispatch Box and took as my theme: how are we to check, and then reverse, the long decline?

I would be less than honest towards the House if I did not admit that the achievements of the first 10 months have heen less than the Government had hoped. The Minimum Lending Rate is still higher than when we took office, higher than the rate I announced in my first Budget, and shows no immediate prospect of coming down. We have still failed wholly to come to gripa with the control of public expenditure. Indeed my right hon. Friend, the Secretary of State for Industry (Sir K. Joseph), has been honest enough to admit that the historians will probably conclude that we lost the first six montha. I applaud his courage.

All chaps together: members of Mrs. Thatcher's Cabinet finally discover after an informal weekend meeting that they have something in common.

Nevertheless, we are faced today with a paradoxical situation. The long-term trends are good, hut the short-term developments are uncertain. Any government that fails to do well out of rapidly rising oil revenues—well over £3bn in 1980-81—and an estimated £12hn in 1983—must have reached a level of incompetence unusual even in this country. We do not intend that to happen.

## Problem of perceptions

There ia also, however, a problem of perceptions. The favourable long-term trends that may seem ohvious to some economic and political commentators, and to a good many people in industry and the City, are less than clear to the voters of Southend. Indeed it sometimes appears that they are less than clear even to some of my hon. and right hon. Friends. If the Conservative Party as a whole, and occasionally even the Cabinet, do not understand what is happening, then it is not surprising that the country is confused.

It is for this reason, Mr. Speaker, that I have chosen to introduce a new political section into my Budget Statemeot. As a matter of fact, it is only one of a number of innovations. The House will have noticed that for the first time the Public Expenditure White Paper is appearing on the same day as the Budget. Hon. Members may have read malicious stories in the Press suggesting that this is because Ministers failed to agree on spending levels in time.

If I may take the whole House into my confidence for a moment, those stories are entirely true. It simply did not occur to us, though it had in opposition, that there was a case in its own right for publishing revenue and expenditure estimates on the same day, as indeed they do in other civilised countries. In future, however, we intend to make a virtue out of necessity: simultaneous publication will become the normal practice. That is ooly ooe of the many examples of our stumbling into the right policies hy accident.

The truth is, Mr. Speaker, that this Government has spent the first ten months learning how to govern. The impressioo has got around that it looks like any other British government in the last 20 years or so rather earlier in its life than might have heen generally expected: that is, accident-prone, heleaguered and not in command of events. Agaio, that impression is partly correct.

The difference is that we believe that the time is ripe for the sort of policies which this Conservative Government wishes to put into effect, and we have an ability to learn from our mistakes.

I now propose to discuss some of the lessons that we have learned so far. With hindsight it can be seen that we did not cut public expenditure deeply enough or fast enough. We failed to heed the political maxim which says that any government must take the most drastic and unpopular measures as early as possible in order to allow it time to recover before the next general election. In particular, we did not attack sufficiently the bureaucracy of central and local governmeot. We kept the Clegg Commission on comparability in Civil Service pay, even though few of us on this side of the House could defend such an approach intellectually. Yet without setting an example of saving in the public sector, it is difficult to persuade the private sector of the seriousness of our intentions.

That is a mistake with which we may have to live until the oil revenues bale us out. (Hon. Members: "Oh!".) Mr. Speaker: Order. Order.

Sir G. Howe: For there is another lesson that we have learned, Mr. Speaker, and it is this: you do not seek to make minor saviogs, however ideologically attractive they may seem to some of us on this side of the House, if the political cost is liable to be disproportionate to the money gained.

Hon. Members will be aware of the example in another place two weeks ago. It concerned school huses. If I may say so, the speech by my noble Friend (Lord Butler), who seems to have confused his identity with that of Martin Luther, was among the most fatuous and self-important that it has ever heen my pleasure to read. (HON. MEMBERS: "More.") I also noted with interest his remark that he will he "having to support the Government's economic policy, whether he likes it or not." My noble Friend has lost none of his ambiguity with time.

## Forseeable defeat

While thanking him for his support, perhaps I should take this opportunity of pointing out that this Government is populist as well as Conservative. It is not above seekiog to reform the other place.

That, however, is to digress. The fact is that the defeat in the other place was foreseeable and made us look silly. We should have foreseen it and withdrawn. It is not worth creating that amount of aggravation for minor sums of money.

For the same reason, Mr. Speaker, whatever Hon. Memhers may have read in the Press, we shall not he proceeding with plans for the reduction of social security and unemployment benefits. (AN HON. MEMBER: "Shame!") The potential aavings are too small and the political costs too high. We do not want to be caricatured hy the media, any more than we are already, as grinding the faces of the poor and the unemployed. With so many things going for us in the longer term, it is simply not worth the candle.

Mr. Speaker: Order, order. The right hononrable Gentleman has already indicated that he is not giving way, even to his own side.

Sir G. Howe: There is one other lesson that we have learned, before I turn to a final, general point in this political section, and it concerns what is sometimes known as "presentation" or "communications." Too often, Mr. Speaker, we have failed to put the positive side of our policies. We have stressed the need to control the supply of money, hut not the henefits that will flow from winning the battle against inflation. We have fallen into the vocahulary of the Left in using such terms as "de-industrialisation." I did so myself in the confidence debate three weeks ago. Even in our own ranks there are calls for import restrictions, as if they would do anything at all to hring down prices.

Yet the society towards which we are moving consists of smaller units, greater freedom of choice and less bureaucratic interference—as events in the steel industry well illustrate. I need hardly remind the House that if there had been nn British Steel Corporation, there would have been no national steel strike. We should welcome the opportunity of getting out of the old, dirty and unprofitable industries at a time when we are cushioned hy the oil revenues. That is the new industrial revolntion.

Let me give one example of the way we have failed to sell our policies in advance. Later this afternoon I shall hc giving the House details of our proposals for wider share ownership. There are many possihle variations, some of them hased on the highly succesful Loi Monory in France, a country for which, incidentally, we have the greatest degree of respect and admiration. (AN HON. MEMBER: "Sheepmeat!")

It may be that the British needs are different in that we already have a well-developed stock market. But, in retrospect, I freely admit to this House that it was a mistake not to have had more advance public discussion about what we propose. Wider share ownership is an essential part of Conservative policy: there are greater opportunities for it now than ever before. North Sea oil is an example. Yet my proposals this afternoon are coming almost out of the hlue and, to be honest, fall well short of what could he done.

I now turn to my closing remarks in this section. I am sure that my right hon Friend the Prime Minister (Mrs Thatcher) will not mind my saying that this Government has sometimes given the impression of being unahle to see the wood for the trees. (HON. MEMBERS: "OH!"). We usually manage to hit the nail on the head in the end, hut it it sometimes the wrong nail.

There has been an aura of great attention to detail, but rather less standing back and taking the strategic view. Some might say that there has been too much of the sergeant-major, and too little generalship.

I am happy to be able to tell the House that this period is now over. Part of it may be put down to what I said earlier about needing time to learn how to govern. Some of my colleagues were, quite frankly, intimidated by their Departments and the number of Ministerial boxes, let alone the demands of the Treasury. Very few of them, it appears, had learned the real lesson of the *Crossman Diaries*, which is that a government is only as efficient as its wants to be and that the example has to come from the top. We need a general standing back from the fray and not interferring with the supply of victuals.

At nur informal gathering at Chequers last weekend, however, we finally stnmbled on a political truth: that is, that it is necessary for Ministers to talk to each other. It is a well-known experience that this does not bappen at meetings of the full Cahinet: they are too short, too formal and the Cahinet is too large. Besides, all sorts of other considerations have tn be taken into account, like when is the best time to mount a revolt? Or, again, if a Minister rebels against the Treasury line outside his own field of interest, will the Treasury not then take it out on his own Department?

## Contradictory elements

It may come as more of a surprise to the House—or perhaps not—that the Cabinet Committees have not been working too well either. There is still too much detail and too little strategy. Too many Ministers are anxious to look after their own Departments, hut not to co-ordinate with others. That is why we have seemed so often to be pursuing contradictory policies. It was not always clear that one Department knew what another was doing: hence the cod war in the last Government. The House will not expect me to give present examples. (HON MEMBERS: "Hear, hear.")

Anyway, at our meeting at Chequers, which will be the first of several such gatherings, we all finally realised that we are, after all, on the same side. Moreover, if we can stop being hogged down in short-term detail and inter-departmental squabhles, the long-term prospects are really rather good. The only way this Government can fail is to destroy itself.

I now turn to the economic section of what ia a basically neutral, uncontroversial Budget.

**Malcolm Rutherford**

# MEN AND MATTERS

## Class war on Barnsley campus

I hear from dispatches from the northern front that hostilities have hroken out in what Tory locals call "the Independent Repuhlic of South Yorkshire." The hattle ground is the campus of the Northern College near Barnsley which Yorkshire industrialists want to close down. "We would close it tomorrow if we had th echance," says Douglas Iveson, secretary of the Sheffield Chamber of Commerce.


"... and now for Debbie of Golders Green . . . 'How Deep Is The Ocean' sung by . . ."

The trouble, according to Iveson, is that the college, which is intended to give working people a "second chance" at education, fosters leftist dogma, and will soon be turning out a peculiar breed of disruptive post-grads. Since the college has heen going for less than two yaars, bowever, its students have yet to emerge and exhibit their alleged aggression in local industry.

The industrial sector has opposed the college since it was established on the grounds that it is too expensive and that its constitution, council and syllahus are too heavily weighted towards the left. As a result, most companies in the area have refused to support it, but it has so far survived with grants from the Department of Education and the four local (Lahour-controlled) councils.

The college council of management, Iveson points ont, consists entirely of councillors and trade unionists (including the nhiquitous Arthur Scargill). "The products are likely to be divisive on the shop floor," he concludes. He insists that the students could be hetter and more cheaply trained in a "normal" college, mixing with youngsters with management potential and studying a wider range of disciplines.

"Look at some of the things on the syllahus," he complains, citing the one- and two-year residential courses on "Gateway and Liheral Studies" to help students "reassess themaelves and their lives with a view to making a major change." "Two years for that," he scoffs. "You could do that in 10 weeks."

## Wrong number

A little hit of hoasting in the annual accounts hy the investment managers of Foreign and Colonial Investment Trust has gone sadly awry. At the end of FCIT's financial year, December 31, dollar borrowinga amounted to $38.5m. But the canny investment managers had heen shortening the life of all the foreign currency loans with a view to swopping in and out of different currencies to take advantage of relative weaknesses.

By the end of February, when the accounts were printed the dollar horrowings were down to $10m (they have now been totally replaced) and the money had heen rollde over into yen, Swiss francs and German marks to significant advantage.

Michael Hart, the joint investment manager, decided to boast about his acumen and included a paragraph in the directors' report outlining the February position.

Unfortunately, during proof reading some sharp-eyed director, cross-checking with the halance sheet, reinstated the figures for the year-end, wiping out at a stroke all Mr. Hart's shrewed manoeuvres. Even more unfortuantely no one saw the anomaly until yesterday and the company has now had to publiah an embarrassed admission that what had been meant as a piece of gratuitous hoasting ended up as an error in the report and accounts.

## Express post

The Post Office, while it may not be enjoying peak popularity at home, has certainly caused a stir in New York. My colleagues in the U.S. tell me of commuter-jams in the concourse of Grand Central Station where the PO is staging a novel philatelic promotion stunt. Curious New Yorkers are being drawn in droves to a model railway circuit around which race scale-models of the pride of British Rail's fleet past and preseot.

The aim, I hear, is to promote sales of commemorative stamp issues. Travellers are being asked to study the models and vote fo rthe one they consider the most attractive. For the purposes of this demanding challenge, the PO has put on show the Flying Scotsman, BR's high-speed train, the Cornish Riviera and a workday freight train. A draw will he made at the end of the month when a dozen winners will he treated to a free five-day excursion to Britain.

## Lighting the way

Despite the revolution, I can reveal commercial enterprise in Iran is not dead. Citizens well used to the clutter of Khomeini ephemera — posters, pictures, badges and the rest—are now being tempted with more substantial offerings, such as the Khomeini light bulb. When the lamp is switched on, the outline of the Ayatollah's head glows with 60-watt power.

## Straw in bricks

Accountants and others forhidden to advertise by their professional organisations will be watching developments at the Royal Institute of British Architects during the next month or so with more than usual interest.

A recent survey of RIBA members suggested that more than 60 per cent favour a change in the rules to allow members to approach potential clients. The present code prohibits this. Beyond that, 70 per cent favour a more relaxed approach to directors' entries. Although the membership is almost eqnally dividend about Press advertising, 13 per cent of the pros (mostly younger architects) would also favour radio and television advertising.

The subject has been a matter of controversy for years, with all sorts of arguments being thrown into the pot. One goes that advertising would favour the bigger practices, and kill off smaller ones. Another runs that advertising and direct approaches are the only way in which small practices can make their existence known.

Whichever view is right, changes are expected to be agreed by the RIBA council in April.

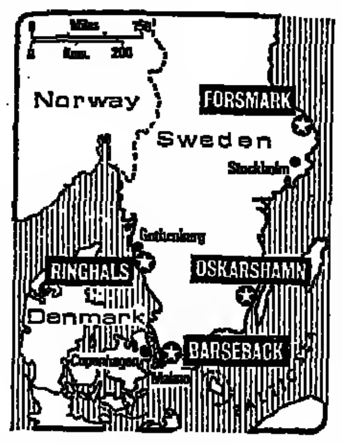
## Hidden message

Stockbrokers Phillips and Drew rate themselves highly among the City's ranks of experts in the controversial field of inflation accounting, in the promotion of which, incidentally, the accounting profession has suffered more than one nasty reversal. Now I see that P and D plan a seminar next month on current cost accounting in, of all places, the Museum of London.

***Observer***

SUNDAY'S REFERENDUM IN SWEDEN BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

# The puzzles of a nuclear power poll




THE SWEDISH referendum on Sunday was to mark a milestone in the history of atomic energy. Sweden is the first country with an advanced nuclear industry, and with nuclear power plants operating, to submit the future of that industry to the direct vote of the people. Professor Hannes Alfven, the Nohel Prize-winning physicist who converted the Swedish Prime Minister, Mr. Thörbjorn Fälldin, to the anti-nuclear cause, has stressed the international significance of Sunday's plehiscite.

In fact, the outcome will probably be inconclusive and is likely to perplex rather than encourage foreign proponents or antagonists of nuclear power. It threatens, too, to have a very confusing aftermath in the domestic political field.

The confusion is already evident in the line-np of the political parties behind the three alternatives from which voters are asked to chooae. The anti-socialist Centre Party of Mr. Fälldin joins bands with the Communists to promote the anti-nuclear alteroative.

Of the other two parties in the Government, the Moderates (Conservatives) campaign alone *for a restricted expansion* of nuclear power withont political strings. The Liberals have sided with the opposition Social Democrats in proposing limited nuclear power under public control.

The Government *which should* administer the result of the referendum is thus spllt in three and whatever the result, the Social Democrats will undoubtedly try to exploit it to bring the non-socialist coalition down.

There is *further reason for* confusion. The Swedes are not heing asked to accept or reject nuclear power outright bnt to decide on the pace at which the retreat from atomic energy is to be conducted. If the referendum alternatives are taken at their face value, somewhere along the line without a vote being taken in the Riksdag (Parliament), Sweden has decided to end its nuclear adventure within the next 25 years.

*Proposal One (the Moderates)* and Proposal Two (Social Democrat and Liberal) state in ldentical wording that no more nuclear power plants shall be built after completion of the current 12-reactor programme. The three "*pro-nnclear*" *parties* bave committed themselves to pbasing out nnclear energy.

The anti-nuclear proposal Three (Centre and Communist) calls for an immediate stop to nuclear power development and the closing down within 10 years of the six reactors already operating.

Thus, the referendum gives Swedes *who believe in the long-term* utility of nuclear power no chance to express their belief. Equally the Swede who is convinced that nuclear power is mortally dangerous will bave to live with it for the rest of this decade, even if the anti-nuclear proposal wins.

Constitutionally the referendum can only he "advisory." The power to decide rests with the Riksdag but all five parties have declared that they will accept the outcome of Sunday's poll. How they are to agree on implementing the results, bowever, remains a mystery.

*Political compromise* brought about the referendum and has at the same time sidetracked

## SWEDEN'S NUCLEAR POWER STATIONS

*Sweden has six nuclear power stations in operation, two completed and ready to be fuelled, two in the final stages of construction and two planned. They are situated at four coastal sites. Those built by Asea-Atom are of the boiling water type while Westinghouse is supplying pressurised water reactors.*

| Station | Planned MW output | Operating date | Owner | Manufacturer | Cost in hillion kronor |
|---|---|---|---|---|---|
| Oskarshamn 1 | 440 | 1972 | OKG | Asea-Atom | 0.49 |
| Oskarshamn 2 | 580 | 1974 | OKG | Asea-Atom | 0.70 |
| Oskarshamn 3 | 1,060 | work not started | OKG | Asea-Atom | 7.0 |
| Barsebäck 1 | 580 | 1975 | Sydkraft | Asea-Atom | 1.0 |
| Barsebäck 2 | 580 | 1977 | Sydkraft | Asea-Atom | 1.1 |
| Ringhals 1 | 760 | 1975 | State Power Board | Asea-Atom | 1.1 |
| Ringhals 2 | 820 | 1975 | State | Westinghouse | 1.2 |
| Ringhals 3 | 900 | completed | Power | Westinghouse | 2.1 |
| Ringhals 4 | 900 | building | Board | Westinghouse | 2.1 |
| Forsmark 1 | 900 | completed | FKA | Asea-Atom | 3.1 |
| Forsmark 2 | 900 | building | FKA | Asea-Atom | 4.0 + |
| Forsmark 3 | 1,060 | work not started | FKA | Asea-Atom | 7.0 |

OKG is a consortium, in which Sydkraft, the south Swedish power company, is the biggest partner. Sydkraft is owned by five local authorities and the Consumer Co-operatives Association, KF. Several private companies, including ASEA, Svenska Cellulosa and Stora Kopparberg, have shares in OKG.

FKA is also a consortium with the State Power Board as the main shareholder. It includes Stockholm municipality and several private companies.

The Swedish State owns 42 per cent of the six nuclear power stations in operation. Local authorities hold 28 per cent, private companies 23 per cent and the Consumer Co-operatives Association 7 per cent. If the 12 stations are completed, the State share will rise to 58 per cent with private interests holding 18 per cent.

(in the proposals offered to voters) the *basic issue* raised by tha anti-nuclear movement, namely, is nuclear power good or had, safe or dangerous? The compromises started in 1976 wben the three non-socialist parties ousted the Social Democrats from government for the first time in 44 years.

The anti-nuclear stance of Mr. Fälldin was credited with attracting the *crucial* votes in the general election. The struggle between the pro-nuclear attitudes of his Moderate and Liberal partners and Mr. Fälldin's conscience broke the coalition after two years.

The accident to the Three Mile Island reactor in the U.S. last year transformed the situation, because Mr. Olof Palme, whose *previous* Social Democrat government bad heen firmly pro-nuclear, changed course and opened the way for the referendum, for whicb the Centre Party and the Communists bad been calling.

His move, a compromise with the anti-nuclear lobby within his own party, kept the nuclear issue out of the 1979 general election *but* did not *prevent* the non-socialists from snatching a one-seat majority in the Riksdag. The decision to bold a referendum was the compromise which allowed the non-socialists to resume their collaboration and form a Government.

This series of compromises has been motivated both by the power struggle between the socialists and non-socialists and by all parties' efforts to react to the growing pressure from the anti-nuclear movement.

The People's Campaign Against Nuclear Power embraces several environmentalist and *minor political groups* but it has also succeeded in making inroads into the ranks of all the national parties. It *is strongest* among the under 35s, attracts more women than men and is backed by most popular artists. One person prominent in the pro-nuclear lobby complained about the difficulty of discussing technical details of nuclear energy with "guitar players."

Although it is not accurately reflected in the wording the political parties have given to the three proposals, the "raal" referendum concerns the confrontation between on the one side the People's Campaign and on the other side private industry and the nuclear technologists. Industry and employers have spent heavily to promote the nuclear cause. The People's Campaign has collected substantial *amounts* in *small* private contributions and has had many people working at the grass-roots. Last Saturday it mobilised some 120,000 to march through cities and towns.

In this confrootation nuclear safety and the economic consequences of a 10-year phasing out of the nuclear power stations have heen the most hotly *contested issues.* The two *sides* dlvide over the risk probability of a melt-down of a reactor core leading to a boiler explosion which could release daogerous radlation doses. The anti-nuclear lobby has also queried the safety of storing bighly radioactive nuclear waste in underground rock chambers. Geologists differ about the effect that seismic tremors could have on the joints in rock formations.

The probability measures adduced by the experts, even the radiation comparisons with the statistically greater hazards of *smoking,* driving and pollution from coal and oil hurning, remain arcane. People's subjective perceptions of the risks have probahly not been changed by the arguments.

The Moderates, using the slogan "Energy for Sweden" bave most strongly attacked the *economic consequences of* a nuclear sbutdown within 10 years. Most professional economists rally to the "pro-nuclear" arguments *on this score.*

Industry and the Moderates bave bammered away at the absurdity of a country which consumes more energy per capita than most others and which has invested so mucb in nuclear technology discarding this source of energy at a time wben it is lmporting oil to meet 70 per ceot of its energy needs and is running up foreign debt to cover the deficits caused by oil price increases.

The six nuclear power stations in operation accounted for 22 per cent of electricity production in 1979. By the end of the decade the 12 plants planned wonld he supplying over 40 per cent of the increased electricity output.

The committee appointed by the Government to examine the consequences of a 10-year nuclear phase-out put the cost at some Skr75bn (£7.68bn), of which about Skr50bn would be needed for investments in alternative *power* plants and to cover increased operating costs.

It did not attempt to calculate the economic cost of the adjustment by Swedisb industry to a non-nuclear situation in 1990. The restructuring entailed would he considerable and would call for much greater labour mobility and investments in new types of production.

*In* the *pulp* and paper, chemical, steel and aluminium industries, all blg consumers of energy, companies have been holding back investments until the result of the referendum is known.

The public opinion polls have so far suggested that industry will get away with a frigbt. They indicate that the "pro-nuclear" proposal will collect 50-55 per cent of the votes with support for the anti-ouclear proposal varying from 35 to 40 per cent.

But the number of people who bave not made up their miods appears to be high. The polls may also bave underestimated the anti-nuclear sentimeot ln rural areas. Several "pro-nuclear" leaders, including the Moderate leader, Mr. Gösta Bohman, bave urged their supporters to avoid complacency.

MR. THORBJORN FALLDIN
Sweden's Prime Minister

The closer the result, the more trouble the *Swedish political* system is likely to bave in handling it. Should the anti-nuclear lobby triumph, Sweden *would* be *committed* to a 10-year nuclear phase-out, the tension of administering the decision would probably break the non-socialist government and the race to introduce alternative energy sources would severely stretch the economy.

A "pro-nuclear" win would give the country a quarter of a century to develop alternative *resources* hut *it,* too, *would* put great atrain on the Prime Minister and his Centre Party. Mr. Fälldin has said that the anti-nuclear campaign would not slop.

The longer time span could allow some political re-thinking about nuclear power, however, Mr. Bohman, the Moderate leader, among others has poioted out *that the referendum* results cannot hind the next generation of politicians or future governments.

The conclusion may well he that a referendum is not a judicious instrument for solving *such* matters, at *least not* wben it is so distorted by political compromises.

# Letters to the Editor

## Trade unions and industry

*From the Chairman, Kitchen Devils*

Sir,—Surely your correspondent A. L. Beard (*March* 13), was joking when he wrote that all our industrial ills could be laid at the door of trade unions. This premise is dangerous in so far it hlurs major reasons and issues which all contribute to the decline.

For example many will remember the comprehensive report published by the Financial *Times which followed* the collapse of Norton Villiers. This showed that the latter's machine tools were in many cases 20 years old or more. Further that the investment in R & D amounted to £1,500 per worker per annum. Honda at that period was spending £7,500 per annum per worker. And Honda's wages and salaries were superior to *that of* Norton Villiers.

The current minimum lending rate at 17 per cent is causing bavoc among exporters — case histories can be read almost each week. Another factor whicb cannot be omitted is the flood of foreign goods "passed off" as Britisb by virtue of being sold under British brand names. Successive *Governments* have not seen fit to modernise the Trades Description Act and provide the latter with some teeth. And—again unfair competition, a classic example — does Mr. Beard not know that he can buy I ton of Korean teaspoons in London, cheaper than a ton of steel strip manufactured anywhere in Europe? France *allows sucb* products to be imported only on quota.

Heaven knows that the trade union movement has it's "*warts*" — *but* to blame all our troubles on it, is both simplistic and obscurantist.

H. G. Bearston.
*Kitchen Devils,*
*261, Goldhawk Road, W12.*

## Friedman on TV

*From the Chairman, Free Trade League and* Cobden Club

Sir,—I was most interested to *read Chris* Dunkley's *review* (March 19) of Milton Friedman's series on BBC2. I think Chris Dunkley flatters himself *if* he thinks that, *given a film* crew, etc., etc., be would he able to present as convincing a series. I am astonished that be considers Milton Friedman who bas been trying to prove that hlack is white. I should have thought *that very largely* be was trying to show that the way to hell is paved with good intentions and that there is enormous waste in welfare schemes paid for ont of taxation.

Many years ago Winston Churchill referred to "robbing Peter to pay Paul and charging the public a beavy commission on the joh." Milton Friedman shows *that* the same *forces* are at work today and that these forces have approximately the same effect whether they apply in the United States, in Britain, Europe, Japan or elsewhere.

I think Chris Dunkley is less than fair to the distinguished industrialists, economists and others who have taken part in the televised discussions with Milton Friedman. To suggest that they bave come to their task ill-prepared surely is an unjustified slur. I am certain that all the members of the panel came fully prepared, according to their lights, to do battle for ideas which many of them have held for a great number of years, *if* not the whole of their adult lives. It has been fascinating to see the difficulty which some of them *have* found in dealing with the arguments and the examples put forward by Professor Friedman. In passing may I mention his exemplary courtesy to the members of the panel and the way that he dealt with their *arguments* and comments. Unfortunately, not all the members of the panel dealt with Professor Friedman with the same degree of courtesy.

I would agree that the programmes were too short to affect full conversion. I detected, however, distinct signs that the ingrained ldeas of some of the panel members had been shaken *by their contact with the* Professor!

Newton Jones.
c/o W. H. Jones and Co.
(London),
*Tower House, N20.*

## Private medical cover

*From Mr. E. Koops*

Sir,—It is simply not true for your insurance correspondent (March 17) to state that it is academic as to whether the employer or employee pays the cost of private medical cover.

*If an employee pays for such* cover it is out of taxed income, if the employer pays it is a taxable benefit to the employee and he therefore pays tax on the benefit. Thus to take a simple example where the employee is paying a top rate of tax of 40 per cent, and with premiums of £100 per annum the incidence of cost is as follows: if paid by the employer, there is a taxahle benefit of £100 and tax of £40 payabla by the employee; but if paid by the employee, then the *before tax income* be/she requires to pay the premium of £100 is £167.

Thus the current practice clearly discriminates against the individual. While I applaud all that our Health Ministers are doing to strengthen our bealth services, I would bope that this Government will make premiums paid directly hy employees an *allowable deduction* for income tax purposes, just as they are allowable for companies when computing their tax payable. Since *treatment* in private nursing homes often costs less than in many hospitals there would be a considerable saving for the country, individual initiative enconraged, and fairness would have been restored.

Eric Koops.
*Mill End,*
*Clavering Essex.*

## Outcome of a nuclear war

*From Mr. N. Davie-Thornhill.*

Sir,—I find the current correspondence on defence un*realistic.* We *cannot* hope *to* contain any future war to conventional (obsolete) weapons. Which ever sida is losing will reach for a more deadly weapon in self defence. Once nuclear war has started there can only be losers and a *highly* populated island such as ours will lose most. Discussion about the *numbers* who survive is not relevant. What is relevant is what sort of world will we leave for people to survive in. I would welcome informed information on this point, particularly the genetic damage likely.

To *take* the other worst alternative, Russian Communist domination of the world—is that really worse? The practical difficulties of controlling the world population, however ruthless the methods, weakens the degree of control. Communism may develop in less objectional ways, after all, the intentions are nominably noble, even if the results are deplorable. Nothing surely could be worse than a world devastated by radioactivity and inhabited hy curious mutations.

N. B. B. Davie-Thornhill,
Stanton *Park Farms,*
*Hinderclay Hall,*
*Near Diss, Norfolk.*

## Methods of travel

*From Mr. R. Thomas*

Sir,—Mr. Dangoor (March 18) does have a point. He does not, bowever go far enougb in his comparison of methods of travel.

My daily journey, one of fifteen miles round trip, would cost £1.40 hy Underground and can take up to one and a half *bours each* way. *Hence* I *make* use of that marvellous piece of machinery, the bicycle. My journey time is around thirty-five minutea each way and I bave no fares nor parking charges and very modest maintenance costs.

With the escalating price of oll I find it odd that so little is done to encourage the use of *the bicycle.*

Robert Wilson Thomas.
*Flat* No. 1,
*King Edward's Mansions,*
*629 Fulham Road, SW6.*

## British food processing

*From the Director*
*British Food Export Council*

Sir,—I hava read with interest the comments (Marcb 11) made by Mr. Brian Gardner, the European director of Agra Europe. I am particularly intrigued by the suggestion that in Britain there *is* "*a lack of any large scale* trade in food and food products." In fact the Britisb food processing industry is the second *largest* in the world.

Although Britain is, admittedly, a beavy net importer of foodstuffs, I feel it sbould be noted also that the food industry is one of the most important exporters in the country and, indeed, in 1979 *food* and *drink* exports ranked fourth on an industry basis, behind petroleum, minerals and road vehicles.

For over a century Britain bas led the world in developing the technology of food processing, and bas a worldwide reputation for importing raw materials for processing and re-exportation.

This *council* is *planning,* over the next three years, an annual growth rate of 5 per cent in real terms, exclusive of the inflationary factor in prices. To achieve this objective, particular attention will be paid to the EEC, to which Britain *exported* £1.1bn worth of food products in 1979, representing 64.9 per cent of total food exports of £1.75bn.

Alan M. A. Battle.
*Europe House,*
*East Smithfield, E1.*

## Public sector technology

*From the President, British Tronsport Officers' Guild.*

Sir,—The article by Mr. David Fishlock (March 18) highlights a serious prohlem which must *be tackled if Britain is to retain* a reasonable share of the world's markets.

It is disturhing that such a significant proportion of research is undertaken by the public sector, but I have no doubt the privste sector could put forward many reasons why it has tended to curb its activities in *this field.*

One can argue whether British Rail's technical centre at Derby has been commendable or not. It must be horne in mind however, that over the past twenty to thirty years railways have hardly been a glamour industry in this country; and one must therefore ask whether private industry viewed railway research as a risk worth undertaking.

During this period the geoeral situation of the railways *has been exacerbated by critical* pronouncements from a very powerful road lobby which has helped to eosure a steady reduction of government lnvestment ln the railways—not for BR the opportuoity of a steady ordering programme whlch the German state railways enjoys, and to which your correspondent refers! The current cash cuts *for BR serve* ooly to illustrate that Government thinking on investment in nationalised industries shows little change.

Perhaps under a hetter industrial strategy we might bave retalned a small thriving group of railway rolling stock manufacturers, eacb with a researcb division possibly even export-orientated. Nevertheless, it can at least he argued that BR has ensured a UK manufacturing base and researcb facilities wbich can he developed to cater for BR's own *demands* and *the* export market in the forseeable future. In this respect the situatioo looks a little better than the present state of the indigenous road motor industry. It would seem that the investment here of a little of North Sea oil revenue would he money well spent.

M. H. Williams,
*Room 307, West Side Offices,*
*Kings Cross Station, N1.*

## The engineering dimension

*From Professor R. Thomas*

Sir,—The critique of the Finniston report hy Professor Houlden and Mr. Hill (March 17) bighligbts the dilemma in reconciling its initial analysis and the subsequent prescription. The indictment of management in manufacturing represented in the analysis rightly leads to the definition of "the engineering dimension" in *strongly* market-oriented terms in which tbe tecbnology, wbatever its "beight" is geared to customer satisfaction. Yet as the many successes of UK manufacturing demonstrate, the Finniston aim of moving into "higber" technology as a condition of indnstrial survival needs restatement. There is a danger of interpretation—as your correspoodents have done—as high technology for its own sake, wben what is surely being argued is the case for "high added value."

To attain this requires the strong husiness element recognised in Finniston's definition of "the engineering dimension." The question rightly posed is whether the business management element in that dimension is either correctly diagnosed or adequately treated in the recommendations.

On the first point one is bound to agree with Professor Houlden and Mr. Hill. The operations management role is a very demanding one in terms of social and political skill as well as *technical* knowledge and planning/programming technique. Exposure to marketing and sale/service activities as suggested in the report can he a valuahle element in career development, but all this is to be made dependent on the very managements that are criticised in the earlier analysis.

*The second point, the recommended* "inpnts" and the responsibility for their provision, therefore puts an enormous weight on the powers of the projected engineering authority, for the "inputs," while bighly commendable, have still to be achieved hy some form of joint action by managements and those concerned with the education of engineers. *It* is bere that three factors need to be considered.

The first, as your contrihutors rightly warn, is that of halance, both between "husiness" and "technical" inputs, and within "*production*" between *social/* economic and programming aspects. The second is in the wbole approach to teaching and learning. Engineering and business inputs tend to be imparted independently, wben wbat is needed is a joint interactive approach.

The varions new degrees now being launcbed involve not only a change in halance, but even more in methods of learning. Only in this way can the synthesis of "the engineering dimension" be achieved.

There may he a strong case for longer preparation for the engineer as such, hot lt will take a loog time for the Finniston proposals to have substantial effect. The engineering dimension is needed now. The challenge is how to get the change of emphasis across before deindustrialisation proceeds much further.

(Prof.) R. E. Thomas,
University of Bath,
*Claverton Down, Bath.*

## A currency commission

*From the Secretary,*
*Campaign for o Competitive Exchange Rate*

Sir,—Your readers should not be deceived by Mr. Edward Holloway's excursion into history (March 7) into thinking that the setting up of an independent currency commission operating on fixed guide-lines would do anything but compound the prohlems which faca us at the *present* time.

The collapse in 1929 had nothing to do with the money supply. The United States Federal Reserve was operating just as an independent commission would have done. The money supply was rising in step with output in the period 1926-1978 and prices were stahle, but wages had not risen as fast as *productivity* and this gave rise to a profit inflation. The velocity of circulation of bank deposits increased from 1.72 in 1926 to 2.42 in 1929. The problem was the demand for credit, not the supply of money.

A fixed monetary rule would not have prevented the collapse from extending to the UK and it would certainly bave impeded the *recovery.* This was facilitated by an increase of 7 per cent in the money supply between 1929 and 1933, despite a fall of 10 per cent in GDP, hut the driving force was the devaluation of 30 per cent and the increase *in* tariff protection for our goods at bome and in the Commonwealth.

Experience since the war tells tbe same story. The money supply rose in step with output between 1949 and 1961, hut prices rose by *nearly* 60 per cent. Would a currency commission hsvc redneed stop-go to stop?

John Mills.
*72, Albert Street, NW1.*

# Today's Events

**GENERAL**

The Queen opens new phosphoric acid complex at Alhrigbt and Wilson's Marchon works, Whitehaven; and opens new Britisb Steel Corporation foundry, Workington.

Conservative Central Council two-day meeting *opens,* Bournemouth.

Second day of Scottisb Liheral confereoce, Rothesay.

Mr. Albert Booth, Shadow spokesman on transport, speaks at Kendal Labour Party on The End of Consensus.

Prince Charles visits Exacta Circuits, Selkirk; a textile mill at Innerleithen; and an animal research establishment at Blythe Bridge.

Sir Peter Gadsden, Lord Mayor of London, attends launcb of appeal for St. Bartholomew's Hospital; dines with Company of Chartered Secretaries and Administrators, Mansion House.

Home Video Show opens at Cunard Interoational Hotel, London (until Marcb 25).

**PARLIAMENTARY BUSINESS**

House of Commons: Private Members' motions.

**OFFICIAL STATISTICS**

Department of Traosport publishes new vehicle registrations for February.

**COMPANY MEETINGS**

Chester Waterworks, Aqua House, 45 Boughton Street, Chester, 4. Drayton Far Eastern Trust, 117 Old Broad Street, EC, 12.15. Glasgow Stockholders Trust, Ashley House, 181-195 West George Street, Glasgow, 12. Initial Services, 300 Goswell Road, EC, 11. Wearra, The Rugby Post House, Crick, Northamptonshire, 12.

**COMPANY RESULTS**

Final dividends: Carlton Industries. Gibbs aod Dandy. J. Hewitt and Son (Fenton). Williams and James (Engineers). Interim dividends: Bridport-Gundry (Holdings). Pifco Holdings. Interim figures: The Berry Trust.

# Barclays dividend boost as profit leaps by 42%

CONTINUED expansion of the clearing bank business which benefited substantially from high interest rates was the major contributor to a 42 per cent rise in Barclays Bank pre-tax profits from £373.3m to £529.4m in 1979. The UK side expanded by 70 per cent.

Shareholders are rewarded with a 36.6 per cent increase in the total dividend which is up from 13.5439p to 18.5p—the final is 10.25p per £1 share. Stated earnings per share are 150.5p against 105.3p.

A one-for-five scrip issue is also proposed and it is hoped to maintain the dividend rate for 1980 on the increased capital. The dividend increase takes account that distributions since 1973 have fallen behind the inflation rate, Sir Anthony Tuke, the chairman, says.

Sir Anthony says stockholders "and indeed all those concerned with out results" would expect the bank to perform well in the present circumstances in order to provide the strength Barclays will need when interest rates fall.

"We may then be balancing a lower income against higher costs in a period of economic stringency," the chairman adds.

Profits on a CCA basis are £355.8m against £290.3m and net profits are £193.8m (£154.8m).

BIG FOUR COMPARED

| | Group profit | % increase Group | UK |
|---|---|---|---|
| Barclays | 529.4 | 42 | 70 |
| Lloyds | 276.2 | 49 | 90 |
| Midland | 315.0 | 36 | 70 |
| National Westminster | 441.5 | 44 | 67 |

Profits before loan interest and tax amounted to £546.8m against £391.6m with Barclays Bank contributing £325.4m (£188.2m); Barclays Bank International, £150.2m (£136.6m) and Mercantile Credit, £36.9m against £32.9m. Contributions from Barclays Merchant Bank was £7m (£10.3m) and other subsidiaries and associates, £27.3m (£23.6m).

Despite a strong pound and narrow spreads in the Eurodollar market which made profits harder to earn, Barclays Bank International achieved a satisfactory increase of 12 per cent to £137.7m before tax, the result of general growth of the bank's business throughout the world. The figure includes a contribution since May 1979 from the newly acquired finance company, Barclays American Corporation.

For the first time, almost all the group's subsidiaries have produced accounts to December 31. To give a true comparison, their profits for 1979 have been consolidated in the profit and loss account; those for the last three months of 1978—approximately £40m before tax—being placed direct to reserves.

Operating profit of £502m (£348.3m) is stated after charges for bad and doubtful debts of £55m (£22.8m); losses of £12.3m on realisation of investments other than trade investments (£14.3m) and depreciation of £58m (£40.9m).

Of the increase in the depreciation charge for 1979, some £11m is due to revaluation of properties and reclassification of assets. There is also an allocation of £20.3m (£14.7m) to Trustees for the profit-sharing schemes.

Tax on profits amounts to £162m (£135.5m) but is reduced by £109.5m (£59.2m) due to deferment of tax liabilities for which provision has not been made. Total amount of potential deferred tax not provided at December 31, 1979, is £314.6m (£183.7m).

Provisions at December 31 for bad and doubtful debts amount to £379.8m (£400m) being £234.7m (£288.9m) specific and £145.1m (£111.1m) general. Both specific and general provisions are gross without deduction of tax relief.

The bad and doubtful debts charge comprises £25.5m (£18.1m) specific and £35m (£7m) general less £5.5m (£2.3m) recoveries of amounts previously written off.

Total assets at the year-end were £30.33bn against £23.88bn. Deposits rose from £20.84bn to £26.3bn due to expanding business but also as a result of inflation. Advances stood at £20.52bn (£16.76bn).

See Lex

## HIGHLIGHTS

Lex examines the reaction to the proposed redefinition of the monetary base and details the many causes of Stone-Platt's missed final dividend and a net attributable deficit for 1979 of more than £17m. **Barclays** closes the clearing bank reporting season and the column also looks at the latest figures from the Dutch electrical giant, **Philips**. Included in a long list of company profit announcements were **C. T. Bowring**, the major insurance broker facing imminent attack from Marsh and McLennan, **Tricentrol**, which is diversifying from its prosperous North Sea base, and **Hepworth Ceramic**. Despite a further contraction of many of its main markets, Hepworth more than recovered from a very difficult first half as profits climbed 35 per cent in the second six months. Wolseley Hughes also made up for a setback in its engineering division with a £2.2m profits rise to £7.7m. Another investment trust is coming to the market, this time through a placing, and the Trust of Property Shares will be concentrated in the quoted property sector.

# Bronx Eng. profits well up

FOLLOWING the recovery from a depressed £57,900 to £220,600 in the first six months, Bronx Engineering Holdings reports pre-tax profits of £634,273 in the year ended November 30, 1979 compared with £317,213 in the previous year.

Turnover amounted to £11.21m against £12.17m but the board explains that the 1978 figure included £1.76m from a long term contract almost completed at the 1976-77 year-end and for which a substantial proportion of profit was included in the 1977 accounts. There were no long term contracts in 1977-78.

As expected the directors are recommending an increased final dividend—up from 1.3154p to 1.58p to lift the total from 1.7554p to 2.1p. A one-for-one scrip issue is also proposed. Stated earnings per share are 4.8p against 2.3p.

The year's tax charge, including deferred tax, is £326,666 (£171,538) and there is an extraordinary credit of £311,623

# Tricentrol up £13m year end

FINAL QUARTER profits of £7.37m against £1.08m, have lifted the taxable surplus of Tricentrol from £8m to a record £21.27m for 1979. The UK oil and gas contribution jumped from £4.21m to £13.69m for the year, with the U.S. side more than doubling to £2.87m against £1.01m.

Turnover expanded by some £67m from £142m to £209.2m.

And the dividend is boosted to 7p net (10p gross), compared with 1.675p, with a final of 4.2p—a total of 8p gross was forecast last April.

At the interim stage profits had risen to £7.22m (£4.34m).

The year's profits included an exceptional credit of £384,000 (£183,000 debit) and was subject to a tax charge increased from £2.03m to £10.84m. This left net profits at £10.43m against £5.98m, giving basic earnings per 25p share of 21.4p (14.9p) and 20.6p (14.1p) fully diluted.

| | 1979 £000 | 1978 £000 |
|---|---|---|
| Turnover | 209,166 | 142,003 |
| UK oil and gas | 31,932 | 14,385 |
| UK oil trading | 16,375 | — |
| Canadian oil and gas | 4,669 | 4,543 |
| U.S. oil and gas | 5,165 | 2,907 |
| UK automotive | 104,071 | 76,722 |
| UK trading | 38,131 | 31,190 |
| European trading | 8,140 | 9,320 |
| Australia | 435 | 475 |
| Canada | 1,988 | 2,455 |
| Trading profit | 20,621 | 9,021 |
| UK oil and gas | 13,686 | 4,206 |
| UK oil trading | 282 | — |
| Canadian oil and gas | 1,226 | 1,298 |
| U.S. oil and gas | 2,874 | 1,113 |
| UK automotive | 2,944 | 2,204 |
| UK trading | 498 | 663 |
| European loss | 964 | 395 |
| Australia | 25 | 50 |
| Canada | 50 | *16 |
| Research expenditure | 106 | 110 |
| Head office costs | 889 | 387 |
| Interest payable | 706 | 470 |
| Interest receivable | 1,967 | 335 |
| Operating profit | 20,887 | 8,189 |
| Exceptional credit | 384 | †183 |
| Pre-tax profits | 21,271 | 8,006 |
| Tax | 10,843 | 2,025 |
| Net profits | 10,428 | 5,981 |
| Dividends | 3,773 | 661 |
| Retentions | 6,655 | 5,320 |

* Loss. † Debit.

Tricentrol Industrial Corporation, the group's operating company for all non-oil activities in the UK, has acquired the hardware interests of R. and G. Cuthbert, from Kemanobel (UK), for some £6m, and will complement the activities of Tricentrol Trading.

Tricentrol Industrial has also completed negotiations and entered into an agreement for the purchase of Stevens Travel, motor caravan hire operation, of Hampton Hill, Middlesex, for £2m cash.

The directors state that exploration, development and production of oil and gas remains the main business, which will be expanded with emphasis on three areas: UK Continental Shelf, North America and offshore China.

They believe that North America offers the best environment and opportunity, in the short term, for a company the size of Tricentrol—directors are preparing to take the necessary steps to place shares in the U.S. and Canada which could result in some 20 per cent of the group's equity being placed there.

They add that the increased visibility of the company, through the share placing will enhance opportunities for further acquisitions in North America.

Of the non-oil and gas interests, the directors have limited investment to three main areas: vehicle distribution with associated leasing, hiring and specialist operations; wholesaling, warehousing and distribution of hardware and equipment for the home and garden; and the design, manufacture and wholesaling and distribution of products likely to be in high demand because of increasingly high energy costs.

### ● comment

Despite Tricentrol's aggressive strategy of diversifying away from oil and gas, the group's Thistle revenues continue to dominate. Not that Tricentrol is complaining. North Sea earnings more than tripled last year and will rise substantially in 1980. Thistle assets provide a solid backing for the share price, up 8p at 290p yesterday, and permit fund raising exercises such as the planned North American issue. At the same time, the cash flow allows the group to pick up distribution businesses which show a strong return on capital, as well as long-term hedges against energy shortages, such as the Cableform acquisition. Even if the currently catastrophic results from Tricentrol BV cast some doubt over the group's skill at managing non-resource companies, the strategy looks a sound one and provides additional support for the p/e of 13.7 on fully diluted earnings. The group's eventual aim of paying dividends from its commercial activities is still a pipe dream since profits here would nothing like cover last year's payment, which yields 3.5 per cent.

# Stone-Platt £2.9m loss —omits final dividend

A SECOND half turnround of £8.9m to a £3.68m loss, has left Stone-Platt Industries with a taxable loss of £2.94m for 1979, compared with £9.51m profit—a peak of £15.6m was achieved in 1976.

And the final dividend has been passed leaving the year's total at 1.4p net per 25p share, compared with 4.035p.

In September the directors said they hoped to maintain the year's dividend at the 1978 level.

Problems during the year were in three areas, all in the UK: Platt Saco Lowell, in textile machinery, incurred a £2.82m loss (£3.48m profit); the marine and mechanical division replaced a £2.32m profit with a £83,000 loss; interest charges rose from £3m to £5.47m.

And results were adversely affected by national strikes, and reduced margins, caused mainly by strong sterling and continuing inflation.

Margins on exports will remain under pressure, the directors say. As a result some concentration of manufacture is being made in the UK to eliminate excess capacity, to reduce overheads and to improve productivity.

They state that the main uncertainties continue in the UK; the steel dispute may have an adverse effect on output, and the UK plants of Platt Saco, and its textile colleague, the Scragg group, are at present working short time.

| | 1979 £000 | 1978 £000 |
|---|---|---|
| Sales | 211,467 | 192,778 |
| Profits | 2,535 | 12,504 |
| Textile:— | | |
| Platt Saco loss | 2,824 | *3,477 |
| Scragg | 1,385 | 224 |
| Electrical | 2,975 | 4,601 |
| Marine, mech. loss | 83 | *2,319 |
| Pump | 1,082 | 1,883 |
| Interest | 5,473 | 2,995 |
| Loss before tax | 2,938 | *9,509 |
| Tax | 2,592 | 2,497 |
| Making loss | 5,530 | *7,012 |
| Minorities | 285 | 96 |
| Pref. dividends | 113 | 113 |
| Attributable loss | 5,928 | *6,803 |
| Ord. dividends | 565 | 1,637 |
| Exchange loss | 1,482 | 480 |
| Extraordinary debits | 9,535 | 1,129 |
| From reserves | 17,510 | †3,557 |

* Profit. † Retained.

The announcement of the Oldham plant closure has led to a strike which may end production prematurely. However, the electrical, marine and pump businesses are all forecasting better results for 1980, and overseas results should again be satisfactory, the directors say.

They are confident that the determined action which has been and is being taken will lead to a progressive improvement, but say the current year is bound to be difficult.

In the longer term they look to a return to proper profitability.

The extraordinary items comprised of the estimate of the cost of concentrating Platt Saco in Lancashire, on two sites, and the closure of the Oldham plant, amounting to £7.5m, and £2.04m goodwill write-off on acquisitions.

Pre-tax loss per share is given as 8.4p (24.3p earnings), and 14.7p (16.9p earnings) after the charge.

Net asset value at the year end was 133.6p (159.6p), return on sales fell from 6.5 per cent to 1.2 per cent, and return on capital employed was well down at 2.4 per cent compared with 14.2 per cent.

Long and medium-term borrowings totalled £36.2m (£22.5m), of which £8.7m is repayable within five years.

See Lex

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Barclays Bank | | 10.25 | May 19 | 7.41 | 18.5 | 13.54 |
| Boddingtons Breweries | | 2 | — | 1.61 | 3.75 | 2.91 |
| C. T. Bowring | | 4.53 | — | 2.35 | 6 | 3.35 |
| Bronx Eng. | | 1.58 | May 12 | 1.31 | 2.1 | 1.75 |
| Capseals | ‡int. | 1.5 | May 23 | 0.97 | — | 3 |
| City of Aberdeen | int. | 3.5 | April 3 | 2.5 | — | 8.25 |
| Cope Allman | int. | 1.79 | June 27 | 1.7 | — | 4.5 |
| Courtney Pope | int. | 1.2 | May 19 | 1.2 | — | 3.95 |
| Fife Forge | | 2.5 | May 9 | 1.69 | 3.3 | 2.49 |
| Hepworth Ceramic | | 2.75 | June 2 | 1.94 | 5 | 3.69 |
| Lex Service Grp. | | 4.2 | May 13 | 2.7 | 7 | 4.5 |
| L'pool Daily Post | | 6.04 | April 25 | 5.1 | 9.5 | 8.11 |
| J. and J. Makin | int. | 1‡ | — | 0.48 | — | 3 |
| Mills and Allen | ‡int. | 4 | May 16 | 2.73* | — | 10.91* |
| New Equipment | | 0.69 | April 28 | 0.66 | 1.04 | 0.99 |
| Norvic Secs. | | 0.8 | May 23 | 0.8 | 1.2 | 0.8 |
| Photo-Me Intl. | int. | 3.15 | April 29 | 2.21 | — | 8.45 |
| Pressac Holdings | int. | 0.51 | May 20 | 0.51* | — | 2* |
| Rock Darham | | 0.75 | — | — | — | — |
| Second City Props. | int. | 0.62 | May 12 | 0.56 | — | 2.01 |
| Steetley | | 6.5† | April 25 | 4.47 | 10.5 | 7.26 |
| Sharpe and Fisher | | 1.25 | May 30 | 0.85* | 1.75 | 1.30* |
| Stone-Platt | | Nil | — | 1.33 | 1.4 | 4.04 |
| Tate of Leeds | | 1.25 | May 1 | 1.25 | 1.25 | 1.25 |
| F. W. Thorpe | int. | 1 | May 14 | 0.73 | — | 2.22 |
| Tricentrol | | 4.2† | — | 0.84 | 7 | 1.68 |
| James Wilkes | | 2.63 | May 30 | 2.63 | 4.13 | 4.13 |
| Winston Estates | | 1.05 | July 1 | 0.92 | 1.75 | 1.42 |
| Wolseley-Hughes | int. | 4.4 | July 4 | 3.66 | — | 10.02 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

# Hepworth Ceramic over £36m and beats forecast payment

WITH second half pre-tax profits of Hepworth Ceramic Holdings moving ahead from £15.53m to £20.89m, a higher than forecast final dividend is recommended by this manufacturer of vitrified clay, plastic pipes and refractory products.

At the interim stage the board forecast a final dividend of 2.65p, but this has been raised to 2.75p against 1.935p, increasing the total from 3.685p to 5p. Stated earnings per 25p share are up from 15.7p to 20.9p.

Pre-tax profits for the full year climbed from £30.41m to £36.17m on turnover up from £246.9m to £272.24m. Interest charge less investment income was down from £884,000 to £775,000, and exchange losses were £860,000 (£245,000). There was extraordinary debt last year of £185,000. Attributable profit rose to £27.31m against £19.56m.

Dividends absorb £7.16m (£4.67m), leaving £20.15m (£14.89m) to be retained.

In a breakdown of the group's main activities, clayware contributed £92.6m (£85.2m) to the turnover, but profits were down slightly at £14.4m (£15.1m). Other divisions: refractories £61.1m (£59.9m) and £5.3m (£2.6m); industrial sands and minerals £47m, (£41.3m) and £9.5m (£7.3m); plastics £43.1m (£34.4m) and £4.4m (£3.2m); foundry resins and equipment £17.1m (£14.4m) and £1.4m (£1m); engineering and miscellaneous £15.6m (£13.8m) and £1.2m (same). There was an inter-divisional loss of £4.3m (£5.1m).

Exports from the United Kingdom rose from £32.8m to £35.9m.

### ● comment

Once again Hepworth Ceramic has overcome the shrinkage in its markets to produce a performance above outside expectations. Second half profits were up by almost 35 per cent and the shares responded with a 7p jump to 104½p. At this level, they trade on a multiple of 4.8 times earnings after a low tax charge, which is hardly demanding given the exceptionally depressed first half of last year and the benefits from new products which should accrue in 1980, particularly on the plastics side. Furthermore, the recent rights issue has left Hepworth sitting on a cash pile of perhaps £27m which should be applied in U.S. acquisitions in the current year. There were certainly exceptional profits in 1979—recovery from a depressed base in plastics and almost £1m from an investment sale—but this must be set against closure costs, which amounted to £1.2m in clayware along last year. The yield is 7 per cent.

# Investment trust comes to market

BY ARNOLD KRANSDORFF

A NEW investment trust specialising in the UK property share market is being launched with a capitalisation of £600,000. It will be the third investment trust to come to the market this year after Keep Investment Trust and Child Health Research Investment Trust.

Brokers Quilter Hilton Goodison and Company have arranged for a placing of 2.7m ordinary 5p shares at 10p per share in Trust of Property Shares.

About three-quarters of the placing—equal to 45 per cent of the issued equity—has been taken up by private and institutional clients of Quilter with the balance being made available to others brokers. The remainder of the shares are held by the family interests of Mr. E. N. Goodman, the chairman, who is a former managing director of The Collingwood Group.

Application has been made for all the shares to be admitted to the Official List of the Stock Exchange. Dealings are expected to begin next Thursday.

Funds will be invested mainly in the shares of listed UK property companies although up to 15 per cent of the portfolio could include unquoted companies owning reversionary shop and office properties.

The directors aim to achieve growth "in both income and capital appreciation."

Dividends will be payable in mid-April each year and are expected to amount to between 85 per cent and 95 per cent of all the company's income available for distribution.

The other directors are Mr. R. Bruce, Mr. S. Kon, Mr. A. Peters and Mr. V. Wood.

# Rolls-Royce Motors outlook

AFTER A year which saw pre-tax profits of Rolls-Royce Motors Holdings tumble by some 50 per cent, Mr. I. J. Fraser, chairman, says in his annual statement that the car side of the business is in good heart and well ready to meet the challenge of the 1980s.

As the company approaches the introduction of a new model, he is confident that it will be received as worthy successor to the Silver Shadow.

For 1979, as reported on March 11, taxable profits slumped from a record £14.6m to £7.15m, mainly due to a poor result from the diesel engine division, where a trading profit of £4.47m turned round to a £1.69m loss. The chairman said, however, that he expected current year profits to improve.

The accounts show that on a CCA basis group pre-tax profits would have been reduced to £5.28m (£12.13m).

Mr. Fraser says that the London car factory did not achieve its target, but changes in organisation are beginning to bring about improvements. Demand in the UK for all models was strong in 1979 and distributors are confident about sales prospects for 1980.

Although the outlook for diesel engines is not good, encouraging signs for the future are the decision by the Government to select the company's Condor engine for the next main battle tank (MBT 80) which will replace the Chieftain later in the 1980s, and negotiations for Britain to supply Jordan with tanks powered with CV 12 engines.

Of the company's other activities the main is precision components, and here Mr. Fraser says that prospects are excellent and further steady growth can be anticipated.

Meeting, Churchill Hotel, on April 17 at noon.

## ICI CONVERSIONS

Holders of a further 155 ICI $1,000 6¾ per cent convertible guaranteed 1997 bonds have exercised their right of conversion into ICI ordinary shares. The number of bonds now outstanding is 44,636.

## J. Makin improvement

PRE-TAX PROFITS of J. and J. Makin Paper Mills rose from £473,938 to £554,886 in the half-year to September 30, 1979, from turnover higher at £7.59m against £6.22m. Tax charged was up from £258,527 to £313,270.

The paper company increased its profits during the six months, but associate company J. and J. Makin (Metals) had a more difficult year, says the chairman, Mr. J. R. M. Pilling. He says the pattern for the current half has been similar but the board is expecting the overall profits to be higher than in the first half.

The interim dividend is raised from 0.484p to 1p to reduce disparity. Last year's total was 3p from pre-tax profits of £1.11m.

SPAIN

| March 20 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 220 | −4 |
| Banco Central | 248 | |
| Banco Exterior | 206 | −2 |
| Banco Hispano | 217.7 | −1.3 |
| Banco Ind. Cat. | 130 | |
| Banco Madrid | 154 | |
| Banco Santander | 264 | −2 |
| Banco Urquijo | 167 | |
| Banco Vizcaya | 228 | −2 |
| Banco Zaragoza | 201 | −1 |
| Dragados | 100 | |
| Espanola Zinc | 61 | |
| Fecsa | 57.2 | |
| Gal. Preciados | 33 | |
| Hidrola | 64 | −0.2 |
| Iberduero | 58 | −0.2 |
| Petroleos | 106.2 | |
| Petrolibar | 63 | |
| Sogefisa | 107 | |
| Telefonica | 54 | |
| Union Elect. | 62.7 | +0.2 |

# UK COMPANY NEWS

## Bowring finishes year with maintained £38.5m

AFTER the downturn from £19.78m to £17.9m in the first half, C. T. Bowring reports maintained pre-tax profits of £38.5m for 1979 compared with £38.4m in the previous year. Turnover went ahead from £1.28bn to £1.35bn.

The directors are recommending a final dividend of 4.53p to lift the total from 3.361055p to 6p. Stated earnings per share before extraordinary items are 17.8p against 18.1p and 14.2p (14.3p) fully diluted.

Profits from insurance broking were marginally down at £20.7m (£21.3m). The figure would have been some £3m higher had exchange rates stayed at 1978 levels, the directors say. Underwriting improved from £4.6m to £6.7m with a good performance from Crusader Insurance Company.

Bowmaker, the credit finance and engineering subsidiary's profits were down from £12.5m to £10.4m due to higher borrowing costs but the merchant bank, Singer and Friedlander, improved from £2.8m to £4m—however the greater part of the increase relate to bad debt provisions in prior years no longer required due to recoveries.

Trading companies improved from £1.2m to £1.3m and a break-even position was achieved by the shipping company representing a £1.3m turnround disregarding exceptional profits in 1978 on the sale of ships.

The increase in central costs from £0.9m to £2.1m arose mainly from financing costs for the purchase of a new long lease on the Bowring building coupled with higher interest rates.

Inflation, interest rates and sterling value together with the nature of the future relationship with Marsh and McLennan Companies in the U.S. make it difficult to predict the future, the board says. However the future is viewed with confidence.

The year-end balance sheet shows current assets of £874.6m (£740.8m) and liabilities of £841.8m (£695.1m). Long term insurance assets and liabilities amounted to £178.6m (£152.9m) and liabilities of customers for acceptances and related acceptances amounted to £74.6m (£47.4m).

| | 1979 £m | 1978 £m |
|---|---|---|
| Turnover | 1,351.9 | 1,280.9 |
| Profit before tax | 38.5 | 38.4 |
| Tax | 18.3 | 38.4 |
| Net profit | 20.2 | 20.0 |
| Minorities | 0.7 | 0.6 |
| Extraord. debit* | 0.8 | — |
| Available | 18.7 | 18.4 |

* Goodwill written off on acquisitions by insurance subsidiaries.

### ● comment

C. T. Bowring has pulled out all the stops in its effort to fight off Marsh and McLennan. The preliminary statement, which virtually amounts to a dummy run for a defence to the £200m plus bid from Marsh, shows pre-tax profits some £3m better than the market expected, a pro-forma balance sheet, showing a useful increase in assets, and a "future viewed with confidence." Bowring's performance owes much to a handy increase in profits at Singer and Friedlander, thanks to recoveries made on bad debt provisions. Investment income from broking activities also showed a healthy improvement on the back of higher interest rates. There was no net benefit from the injection of Marsh's London business into Bowring thanks to increased expenses. But the benefit from first time renewal season on the additional Marsh business will be felt in the current year. The shares, up 5 to 132p, and yielding 6.7 per cent, are likely to remain a nervous market until the outcome of the bid is finally known.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bridport-Gundry, Park Place Investments, Pilco, W. A. Tysack.

Finals: Britannia Arrow, Carlton Industries, Church, Gibbs and Dandy, Arthur Henriques, J. Hewitt, Williams and James (Engineers).

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Highland Distilleries | Apr. 8 |
| Smiths Industries | Apr. 15 |
| Finals— | |
| American Trust | Apr. 1 |
| Aquascutum | Apr. 10 |
| Babcock International | Apr. 3 |
| Bowthorpe | Apr. 15 |
| Crosby House | Apr. 2 |
| Empire Stores | Apr. 9 |
| Inch Kenneth Kajang Rubber | Mar. 27 |
| Municipal Properties | Mar. 27 |

## Record year for Tate of Leeds

SECOND HALF pre-tax profits of Tate of Leeds, distributor of cars and commercial vehicles, rose from £261,234 to £354,743 to boost the figures for the year to December 31, 1979, to a record £681,615 against £480,679.

At the halfway stage, the Board forecast a record trading year, but turnover failed by £47,011 to match last year's figure of £13.06m.

The dividend is unchanged at 1.25p.

Trading profit improved from £685,215 to £1m, and interest was higher at £322,254 (£204,536). Tax charged was £25,012 against a credit of £2,482.

## Steetley £1.5m over forecast

PRE-TAX profits of the Steetley Company rose from £20.36m to £23.51m in the year ended December 31, 1979 exceeding the forecast of not less than £22m made at the time of the offer for Gibbons Dudley.

In line with the offer document the Board is recommending a final dividend of 6.5p on increased capital lifting the total from 7.262637p to 10.5p. Pre-tax earnings were 50.44p against 46.26p and net earnings, 38.84p (32.64p).

Profit for the year included a two-month contribution from Gibbons Dudley amounting to £627,000 net of financing costs.

Mr. Tom Boardman, chairman, says results show the benefits from the high level of investment and the greater return earned overseas, but they also reflect some of the difficulties in some sectors of the UK market and the cost of industrial disruption in other industries.

Regarding the current year, the cost to the group of the steel strike cannot yet be measured. However, the group has extended its markets over the years thus reducing dependence on UK steel, the chairman says.

Profits in 1979 were affected by strikes and bad weather and exchange losses reduced overseas profits by £435,000.

Profits earned overseas (excluding recent U.S. acquisitions) increased by 46 per cent and contributed over 30 per cent of operating profit. Despite the strength of sterling, exports from the UK were £28m, a rise of 16 per cent over 1978.

The group trades in minerals extraction and processing, construction materials, refractories and chemicals and distribution of chemicals as well as industrial and electrical supplies.

| | 1979 £000 | 1978 £000 |
|---|---|---|
| External sales | 297,500 | 250,307 |
| Trading surplus | 36,418 | 31,178 |
| Depreciation | 9,014 | 7,482 |
| Interest payable | 4,953 | 4,466 |
| Investment income | 1,056 | 1,132 |
| Profit before tax | 23,507 | 20,360 |
| U.K. tax | 3,356 | 4,930 |
| Overseas tax | 2,058 | 1,098 |
| Net profit | 18,093 | 14,332 |
| Minorities | 259 | 270 |
| Pref. dividends | 12 | 12 |
| Profit attributable ordinary | 17,822 | 14,050 |
| Ordinary dividends | 5,289 | 3,177 |
| Extraord. debits | 2,153 | 1,614 |
| Retained | 10,380 | 9,309 |

### ● comment

At the halfway stage pre-tax profits from Steetley were virtually unchanged, while the increase in the second half was 23½ per cent, stripping out the contribution from Gibbons Dudley. Probably about half the underlying improvement derives from the turnround of the French subsidiary into profitability, after losses of more than £600,000 in 1978. In the current year the steel strike is hitting hard in two of the company's 12 divisions and has already reduced profits by about £2½m. Against this construction materials should be buoyant, with the mild winter weather giving the year a flying start. In spite of a £54m cash outflow on capital spending and acquisitions, the balance sheet looks just as healthy as in 1978, and interest charges are unlikely to grow excessively, after moving up only 17 per cent last year. Pre-tax profits in 1980 should be somewhere between £25m and £27m, while the share price, up 2p yesterday at 175p, gives an historic yield of 9 per cent and p/e of 7, fully taxed.

## Pressac well down at half-way

TAXABLE PROFITS at Pressac Holdings, the electro-mechanical component manufacturer and precision engineer, were more than halved from £556,082 to £275,621 in the six months to January 31, 1980, in spite of a slightly increased turnover of £4.75m compared with £4.68m.

Mr. G. Clark, the chairman, says there was a general fall-off in demand for electro-mechanical components in the last quarter, a situation which is expected to continue for the rest of the financial year. But he says the company remains confident of the future and is continuing to invest heavily in the design and tooling of new products.

The tax charge was slightly lower at £143,500 (£149,000).

An interim dividend of 0.5084p matches last year's corresponding payment after adjustment for a 1-for-1 scrip issue. The total last year was an equivalent 2p, paid from profits of £1.3m.

Earnings per 10p share were 1.32p (4.72p).

Attributable balance came out at £105,214 (£377,797) after minorities of £5,907 (£8,113) and preference dividends £21,000 (£21,172).

## Cope Allman on target with 5% rise at midway

AS PREDICTED at the annual meeting in December, pre-tax profits of Cope Allman International, industrial holding group, were 5 per cent higher at £5.71m for the half year to December 31, 1979, against £5.43m last time. Sales rose 9.6 per cent to £99.6m, with overall operating margins maintained at 7.5 per cent, in spite of the national engineering strike which hit that side of the group's business.

The directors say the second-half results cannot, at this stage, be accurately forecast, but add that their earlier expectations of growth will not be achieved.

The group's special steels manufacturing subsidiary, J. B. and S. Lees has suffered disruption of production for several weeks as a result of the national steel dispute. Other group companies have also been affected, though to a lesser extent.

In the last full year, taxable profits rose to a record £11.78m.

Stated half-yearly earnings per 5p share improved over 11 per cent from 8.19p to 9.16p, but in view of the uncertainty surrounding the full year's results, the directors have restricted the interim dividend to 1.785p net, 5 per cent higher than the previous year's 1.7p which was followed by a final of 2.8p.

| | 1979 £000 | 1978 £000 |
|---|---|---|
| Sales | 99,595 | 90,860 |
| Packaging | 41,547 | 34,143 |
| Engineering | 14,618 | 13,731 |
| Fashion | 13,958 | 15,732 |
| Leisure | 17,853 | 16,442 |
| Capseals Group | 11,621 | 10,812 |
| Operating profit | 7,507 | 6,864 |
| Packaging | 1,782 | 1,276 |
| Engineering | 1,235 | 1,476 |
| Fashion | 1,207 | 1,031 |
| Leisure | 2,842 | 2,632 |
| Capseals Group | 872 | 809 |
| less Head Office costs | 431 | 360 |
| Interest payable* | 1,936 | 1,395 |
| Share of associates' profits | 143 | †38 |
| Profit before tax | 5,714 | 6,431 |
| Tax‡ | 1,835 | 1,969 |
| Net profit | 3,879 | 3,462 |
| To minorities | 259 | 224 |
| Attributable | 3,620 | 3,238 |

* Bill discounting costs included for the first time—comparatives are adjusted. † Losses. ‡ Comprises UK tax £1,437,000 (£1,782,000) and overseas tax £398,000 (£187,000).

A geographical breakdown of sales and operating profits shows (in £000's):—UK £72,707 (£67,068) and £6,641 (£5,555); Continental Europe £18,163 (£14,352) and £740 (£626); Australia and S.E. Asia £5,535 (£6,558) and £303 (£525), and North America £3,190 (£2,882) and £254 (£218) respectively. Exports accounted for £12.16m (£10.38m) of UK sales.

During the period the group's net borrowings increased significantly, mostly attributable to acquisitions and property purchases. There has also been a rise in working capital requirements due to the build-up of stocks in anticipation of the steel strike, and to absorption of various material price increases.

The directors say group-borrowings at the year-end will be within the target equity/debt ratio of 60:40 and they are satisfied that cash facilities are adequate to meet foreseeable future financing requirements.

Taxable profits of the group's 59.15 per cent owned subsidiary Capseals moved ahead by 6 per cent from £806,000 to £857,000 for the half year, on sales up 7 per cent to £11.62m. If adjustments are made to eliminate Lloyd's Cartons, which was sold last October, profits and sales are ahead by 14 per cent and 19 per cent respectively.

Tax took £257,000 (£338,000) and stated earnings per 5p share were up from 3.93p to 5.03p. To reduce disparity the interim dividend is lifted to 1.5p (0.968p) net, costing £179,000 — the total last time was 3p on pre-tax profits of £1.83m.

The acquisition by Capseals Liners of a complementary business was completed in December and the benefits from this investment are already being seen with the full reflection in 1980-81 results. The early results from Mayhridge Marketing (Slough), which was set up in November, are encouraging.

The directors warn that the prolonged continuation of the steel strike may affect the current year's result, but they are confident that plans now being implemented will bring appreciable benefits in the future.

Capital expenditure in the first half was £1.07m, of which £675,000 (including goodwill) related to the expansion at Capseals Liners, and further spending is planned in the second six months.

While a substantial part of the company's expenditure will be financed by its cash flow and the proceeds from the Lloyd's Cartons sale, the directors say further borrowings will be required in the coming months.

With Capseals' present borrowings well below the level available to it, they are satisfied that the company has adequate available resources to finance its planned expansion and continue to search for acquisitions.

### ● comment

After a rise of 28 per cent at Cope Allman in the past full year 5 per cent interim growth this time looks a trifle lame. The engineering dispute may have shaved as much as £300,000 off group earnings and a sharply increased interest charge also explains the small rise in pre-tax income. The strength of sterling was a third major factor in slowing profits growth.

The steel strike is now about to cost the group some money. Capseals, the specialty packaging subsidiary, says that its customers are being affected by the strike and in the engineering division at Cope Allman, the Lees steel business has lost one month of production. All of this suggests that the group is unlikely to repeat last year's record £11.8m in pre-tax profits. A figure of £11m seems more realistic, pointing to a fully taxed p/e of 5.1 at 62p, up 1p. If the 5 per cent interim dividend rise is repeated at the final, the yield could be a prospective 11.2 per cent.

## Shell Chemicals UK held back by market restraints on prices

BY SUE CAMERON, CHEMICALS CORRESPONDENT

Shell Chemicals UK is understood to have turned the £19m loss it made in 1976 into a profit of around £19m last year. But it is expected that some £15m of this will go in interest charges.

The company, whose results are not due to be officially published until the end of April, is thought to be pessimistic about its performance in the current year although it does not expect to go back into the red. It has had considerable difficulty in raising product prices to adequate levels during the first quarter of 1980 and does not expect to be able to make a major push on prices during the coming quarter.

Shell Chemicals UK would like to put up product prices by an average of 10 per cent overall—assuming costs remained at present levels. But it believes there will be little chance of achieving this aim now that the price of naphtha—the oil-based raw material that is vital for petrochemicals production—has started to fall back.

Last year, when naptha contract prices followed in the wake of soaring spot market prices, Shell Chemicals UK was able to pass on these raw material cost increases while at the same time making a "substantial" improvement in its margins. But the drop in naptha prices from the peak levels reached at the turn of the year has encouraged customer resistance to further rises in chemical product prices.

The spot market price of naphtha has now fallen below contract price levels. Shell Chemicals UK believes this will lead some chemical producers to bring on stream capacity that was mothballed last year when raw material costs were spiralling up. The company reckons this will add to the difficulties of increasing its product prices.

Some of Shell Chemicals' businesses are also being indirectly hit by imports. A number of its customer industries, including carpet and other textile manufacturers and paint makers, are being affected by the growth of imports from the U.S. and Continental Europe. This is having an impact on Shell's sales of polypropylene and phenol—used in making textiles—and on sales of resins and solvents, notably acetone.

The company is expected to invest around £55m in the UK this year but the greater part of this will be spent on projects that are already underway.

## Mills and Allen moves ahead by £1.7m in first six months

BENEFITING FROM the strong demand for outdoor and cinema advertising and the high level of activity in its money broking business, Mills and Allen International increased pre-tax profits from £3.03m to £4.73m for the half year to December 31, 1979, on turnover up £7m to £22.53m.

All the industrial holding group's major divisions improved their performance, and the result includes contributions from the acquisitions made in March and August last year and the interest earned on the cash balance.

The second six months has started satisfactorily, the directors state, but they emphasise that the disparity between the level of profits in the first and second half of his year is unlikely to be as pronounced as in the previous year.

For the year ended June 30, 1979, taxable profits reached £7.24m, of which £4.21m accrued in the second six months.

Earnings per 50p share are shown 7.2p higher at 26.4p, while the interim dividend is effectively raised from 2.727p to 4p net—last year's total was an equivalent 10.909p.

The international base of the group's money broking business, Harlow Meyer Savage has recently been strengthened in two important areas. In Hong Kong, 44 per cent of the equity of Allied Exchange, a leading local broking house, was purchased, while in New York the group purchased 80 per cent of Mallon and Dorney, a medium-sized foreign exchange broker whose activities complement its existing U.S. broking interests.

The aggregate consideration for the two purchases has been paid in cash, but a further amount may be payable to the vendors of Mallon and Dorney depending on the level of profits over the next three years.

### GEO. SPENCER

Second-half profits at George Spencer, knitwear manufacturer, were £197,049 compared with £374,595 in the second half of 1978, as reported Wednesday. This was in line with directors' forecasts made at the time of the interim figures that "prospects for the remainder of the year indicate an upturn in the level of profitability." That forecast was intended to relate the second half to the first half of 1979, not to the second half of 1978.

## Sharpe & Fisher picks up pace to end 25% higher

THE record pre-tax profit forecast by Sharpe and Fisher, builders' merchant, for 1979 turns out to be £1.52m, an increase of 24.9 per cent over the £1.22m for the previous year. Sales for the period improved by 26.2 per cent from £18.16m to £22.93m.

At halfway, when the forecast was made, profits were ahead from £434,581 to £472,948. The directors said then that considering the bad weather in the first few months of the year, results were encouraging. If second-half trading continued at the same level the company would be able to absorb rapidly increasing costs. In the event, profits for the second six months advanced from £0.76m to £1.04m.

The directors now state that increased volume and profits were achieved in all areas of the builders, merchants business. This trend continued into 1980 but comparisons so far are with trading badly affected by bad weather last year.

Continuing progress was made with the five existing DIY stores, and further sites are being sought, they add.

The net final dividend is 1.25p, effectively raising the total payment from 1.3905p to 1.75p on earnings ahead from 5.2p to 6.1p per 25p share.

After tax of £508,928 against £357,905, net profit for the 12 months emerged £150,956 higher at £1,008,176.

The pre-tax profit represents a return on sales of 6.6 (6.7) per cent and on capital employed of 21.5 (19.1) per cent.

At December 31, 1979, assets per share of the company stood at 43p, compared with 48p.

## Boost for Aberdeen Land

INCLUDING £353,000 profit from an office development sale in Aberdeen, pre-tax profits of City of Aberdeen Land Association jumped from £145,000 to £756,000 for the half year ended December 31, 1979. Turnover virtually doubled to £2.44m against £1.28m.

In the second half so far, forward sales have been encouraging, and the directors have little doubt that performance will continue to be better than average. Profits for the whole of 1978-79 were £396,000.

There were increased profits from housebuilding which included a modest contribution from the new subsidiaries in Edinburgh, and an improved level of profits from Aberdeen, reflecting a buoyant market persisting throughout the period.

Six months tax takes £393,000 against £75,000 and the net interim dividend is lifted by 1p to 3.5p—last year's final payment was 5.75p.

The group had no borrowings as at December 31, and this combined with the policy of forward house sales, gives the directors confidence for the future.

## Boddingtons' increase near £1m

AN INCREASE in pre-tax profit from £3.1m to £4.01m has been reported by Boddingtons Breweries of Manchester for 1979, on turnover higher at £21.5m compared with £18.6m.

Mr. Ewart Boddington, the chairman, says that in spite of tighter money and higher unemployment trade has been maintained so far this year at the levels of a year ago. Although retail prices were raised 2½p and 3p a pint in January the company's draught beer remains 3p to 4p a pint cheaper than that of its competitors.

Mr. Boddington says a key factor in the results remained the popularity of the locally brewed beers, which accounted for 89 per cent of total trade.

The company's development programme, totalling £3.27m in investment in new production, storage and distribution facilities, is on schedule and due for completion this summer. Almost £1m was spent in 1979 on building and refurbishing the company's pubs.

The final dividend of 2p makes a total for the year of 3.75p (2.91p) and the board is recommending a scrip issue of one for two. Earnings per 25p share are shown as 10.03p (9.23p).

| | 1979 £000 | 1978 £000 |
|---|---|---|
| Turnover | 21,499 | 18,582 |
| Trading profit | 4,098 | 3,150 |
| Investment income | 21 | 25 |
| Finance charges | 113 | 81 |
| Profit before tax | 4,006 | 3,094 |
| Tax | 1,753 | 1,020 |
| Net profit | 2,253 | 2,074 |
| Extraordinary credit | 19 | 78 |
| Attributable | 2,272 | 2,152 |
| Dividends | 842 | 658 |
| Retained | 1,430 | 1,494 |

## Norvic Secs. falls in second half

THE IMPROVEMENT evident in the first half at Norvic Securities was not maintained in the second six months of 1979 when pre-tax profits showed a marked downturn from £209,000 to £39,000, leaving the full year's figure at £143,909 compared with £115,333. External sales of the investment holding and management company improved from £14.8m to £16.13m for the year.

When reporting a turnround from a first-half loss of £94,000 to a profit of £105,000, the directors said the recovery had continued into the second period, although a lot depended upon the impact of higher prices and VAT on repeat orders for autumn and forward orders for next spring.

The total net dividend is raised by 50 per cent from 0.8p to 1.2p per 10p share, with a final of 0.8p (same).

| | 1979 £ | 1978 £ |
|---|---|---|
| External sales* | 16,130,687 | 14,797,917 |
| Trading profit† | 551,548 | 372,171 |
| Interest paid | 359,639 | 208,838 |
| Loan stock interest | 48,000 | 48,000 |
| Profit before tax | 143,909 | 115,333 |
| Taxation‡ | 37,222 | 30,338 |
| Net profit | 106,687 | 84,995 |
| Pref. dividend | 4,305 | 4,305 |
| Extraord. credits | 13,197 | 21,483 |
| Attrib. to ord. | 115,579 | 102,173 |
| Brought forward | 894,069 | 851,776 |
| Ord. interim | 29,940 | — |
| Proposed final | 59,879 | 59,879 |
| Leaving | 919,829 | 894,069 |

* Excludes investment sales. Comprises UK £13.43m (£12.81m), export £2.7m (£1.98m). † Includes Temporary Employment Subsidy £29,280 (£154,540). ‡ Mainly represents ACT payable on dividends.

## Photo-Me offsets higher VAT and stronger pound

DESPITE the impact of a stronger pound and increased VAT rates, Photo-Me International, manufacturer and operator of coin-operated photographic vending machines, maintained pre-tax profits at £1.43m against £1.42m in the six months to October 31, 1979.

The higher VAT rate absorbed nearly £100,000 of operating profit, say the directors, but they add that there will be a substantial recovery as selling prices are adjusted.

The interim dividend is increased from 2.211p to 3.15p—last year a total of 9.45p was paid from profits of £2.34m (£2.23m).

Turnover for the six months rose from £11.97m to £13.11m and the surplus is struck after depreciation charges of £669,000 (£616,000).

Tax takes £721,000 (£719,000) and after minorities' profits of £228,000 (£223,000), the attributable surplus emerges at £481,000, the same as last time. Stated earnings are also maintained, at 22.9p per 50p share.

There is no tax charge for the nine months, and earnings per 10p share are shown as 3.71p. A dividend of 0.7525p is announced.

## Winston Estates rises 47%

TAXABLE PROFITS of Winston Estates, property investment and development group, expanded 47 per cent to £408,351 in the year to December 31, 1979, against £276,901, including a surplus on the sale of rental properties.

A final dividend of 1.05p lifts the total to 1.75p (1.42375p).

Turnover, less sales of rental property, rose from £392,938 to £638,977. Tax takes £172,976 (£120,476) and after last year's extraordinary credit of £98,917, the attributable surplus emerges slightly lower at £235,375 (£255,351). Dividends absorb £100,762 (£79,081).

Earnings per 25p share, based on revenue profit less tax, are shown as 2.57p (1.86p), and based on total profit less tax, 4.24p (2.82p).

## Rock Darham

For the nine months to December 31, 1979, Rock Darham, formerly Bank Bridge Group, reports profits of £258,071 on turnover fo £1.25m.

# MINING NEWS

## Barlow Rand gold mines boost capital spending

BY PAUL CHEESERIGHT

East Rand Proprietary and Durban Roodeport Deep, two marginal South African gold producers in the Barlow Rand group, are planning sharp increases in capital expenditure to safeguard the future of the mines.

Spending at East Rand Proprietary will be at least R18m (£10.1m) this year and could be slightly more in 1981. This compares with capital expenditure of R4.5m last year.

At Durban Deep it is planned to invest R8.7m (£4.9m) this year and nearly R14m in 1981 against R3.1m in 1979.

The intentions were announced yesterday by Mr. D. T. Watt, the chairman of both mines, in annual statements. They come after a dramatic revival in the fortunes of the mines, both of which are highly sensitive to movements in the bullion price.

If the gold price averages $373 an ounce this year and increases after that at a rate equal to rises in working costs, then both mines will remain profitable—East Rand Proprietary "for some time" and Durban Deep "for many years," Mr. Watt said.

In the shorter term dividend prospects look good. If East Rand Proprietary receives an average gold price of $373 an ounce, it expects to pay higher dividends than the total of 100 cents (56.3p) distributed for 1979. If Durban Deep receives more than $350 an ounce for its gold, it expects to distribute more than the 155 cents (87.2p) paid last year.

In London yesterday East Rand Proprietary shares were ½ higher at £10, while those of Durban Deep gained ½ to £12.

● In Canada, Dome Mines, which includes gold among its diversified interests, is raising its quarterly dividend to 15 cents (5.8p) from 12.5 cents, and Campbell Red Lake, the gold producer 57 per cent owned by Dome, is raising its quarterly dividend to 20 cents (7.75p) from 15 cents and has declared an extra dividend of 10 cents.

Campbell Red Lake is seeking to increase its authorised capital to 35m shares from 16m shares.

### STEADY YEAR AT MURCHISON

Consolidated Murchison, the South African antimony producer, expects to maintain dividend payments this year at about the same level as in 1979, when 100 cents (56.3p) were paid, despite increased capital expenditure.

This was made clear yesterday by Mr. H. Dalton-Brown, the chairman, in his annual statement. Although antimony sales and production should be much the same as last year, gold revenue is expected to be considerably higher.

Capital spending this year, mainly on shaft sinking, will come to about R4m (£2.25m) after reaching R2.8m last year. The company is commissioning a plant to recover gold from slag produced by the antimony products plant.

# BIDS AND DEALS

## London businessmen rescue Dixor with £500,000 investment

A £500,000 rescue operation is being launched for Dixor-Strand, the ailing cosmetics company which lost around £250,000 last year and is still in the red.

The money is being put up by two London businessmen, Mr. Martin Vincent and Mr. Sydney Lerner, who will end up with 80 per cent of the company. If shareholders approve the scheme, the Takeover Panel has indicated that it will not require that a general offer be made.

Masterminding the rescue deal is Mr. Norman Davis, a chartered accountant who is a non-executive member of the Dixor Board. Once it goes through, he will become chairman and Mr. Vincent and Mr. Lerner will be joint managing directors. The other directors will step down.

Both men have their own businesses in the cosmetics and toiletries field. They will put up £331,500 in cash for 6.63m shares of 5p each at par and make a 12-month interest-free loan of £168,532.

"This will be more than enough to put the company on a proper basis," said Mr. Davis last night. Dixor's largest shareholder, Throgmorton Trusts, has indicated its support for the rescue.

By September 30, when Dixor's financial year ends, "I expect the company to show a significant improvement." But Mr. Davis declined to say when it might move into the black.

Problems caused by last April's move to a new factory, higher costs, and smaller profit margins led Dixor to borrow heavily from the banks at high rates, even though its acquisition of R. J. D. Hewitt had given it cash and securities of over £200,000 in July. Dixon's losses in 1978-79 totalled £249,200 before tax on sales of £433,000 against a £31,600 profit previously.

### PRUDENTIAL CUTS BARTON STAKE

Prudential Corporation has disposed of 100,000 shares in Barton and Sons, reducing its holding to 5.7 per cent.

### BAKER PERKINS BUYING FRENCH

Baker Perkins Holdings has acquired 84.8 per cent of the shares of Pavailler of Valence, France, for FFr 8.84m (£924,816) cash, which has been financed by a medium-term bank loan.

Pavailler designs and manufactures in France and Italy a range of machinery and ovens for small bakeries. Products are sold mainly in those countries as well as Africa and the Middle East.

### NEW ACQUISITION FOR GRIMSHAWE

Grimshawe Holdings has acquired from Hunter Plastic Industries of Woolwich the division manufacturing plastic computer spools, which will continue to trade under the name Hunter-Maath.

The cash price of the plant, stock (to be evaluated) and know-how will be about £225,000 of which £200,000 is payable today on completion and the balance in the near future.

### UTD. NEWSPAPERS BID PROBE

United Newspapers' proposed takeover of J. Andrew, publisher of the Ashton-under-Lyne Reporter and a chain of weekly newspapers, has been referred to the Monopolies Commission. This is an automatic procedure for newspaper bids under the Fair Trading Act. Under the Act the investigation cannot exceed three months.

## Takeover Panel meets St. Piran

THE FULL executive of the Takeover Panel is today to meet all the parties involved in the share-owning controversy surrounding Saint Piran, the troubled tin mining and property group.

The panel announced in November that it was conducting an investigation to establish whether a group of persons has incurred an obligation to make a bid for St. Piran by acquiring over 30 per cent of the equity.

The parties invited to the panel meeting include representatives of the Boards of St. Piran and Gasco Investments, the Hong Kong company controlled by Mr. James Raper, a former St. Piran chairman, which has a 29.6 per cent stake in St. Piran. Others involved are Ruffec, a Luxembourg concern and Aerolinas Cordoba, registered in Panama.

Mr. Raper is at the centre of shareholder allegations that he has formed a "concert party" with other St. Piran shareholders whereby he would control over 30 per cent of the St. Piran shares. This would breach Rule 34 of the Takeover Code which requires a holder of over 30 per cent of a company's equity to make a bid for the outstanding capital.

The group, which has already been investigated by the London and Australian stock exchanges, is currently undergoing a Department of Trade investigation. Inspectors were appointed three months ago under section 165(b), which gives them powers to look at every aspect of the company, and under section 172 which relates specifically to controversy over the true control of shares.

### McANALLY CAPEL-CURE

The deal by which McAnally Montgomery is to buy Capel-Cure Myers (Provinces) involves Belfast as well as Glasgow. McAnally is to take over the offices of Capel-Cure in both cities.

### DOWTY PURCHASE

Dowty Group has acquired Herman Engineering Products, Milford on Sea, Hampshire, and its wholly owned subsidiary Herman (E. and T. D.) Engineering Products of Stratton St. Margaret, Wiltshire.

Both companies have a high precision machining capability which will be made available for use by the Group's aerospace and defence division.

## UK COMPANY NEWS

# Lex Service expands £4.8m

FOLLOWING an increase io second-half taxable profits from £9.63m to £10.91m, Lex Service Group, car and commercial vehicle distributor aod hotelier, finished the year to December 31, 1979 with a surplus of £22.8m compared to £18m.

A final dividend of 4.2p lifts the total from 4.5p to 7p. At the interim stage, directors stated their intention to increase distributions io line with real growth of the group.

Turnover rose more than £100m from £398.5m to £499.2m and the profit is struck after higher interest charges of £6m (£4.5m).

After tax of £3.1m (£2.1m), earnings per 25p share are shown as 30.78p (27.65p).

Extraordinary debits of £0.2m (£1.1m) leave the attributable surplus at £19.5m (£14.8m) and dividends absorb s further £4.6m (£2.7m).

Comparative figures for 1978 have been restated following a change in accounting policy with regard to deferred lease payments.

**● comment**

For a motor distributor Lex's share price bas held up remarkably well in these uncertain times. Its strength, of course, is the Volvo contract and margins are generally better than most competitors. Against an overall iocrease in car sales of nearly 8 per cent in 1979, Volvo's jumped by more than a fifth to increase its market penetration to 2.13 per cent. While much of this is no doubt due to the slack in the bome market, a favourable exchange rate against the kroner makes the product very competitive and there is an expanding deeler network. The current year, although it has opened well, has to be viewed with caution given the pessimistic forecasts for car registrations in the second and third quarters. While this may put some pressure on margins, Iex should however be able to outperform other distributors. The biggest beadache will be a mucb higher level of interest charges and this will make profits growth that much more difficult to achieve this year. With a historic p/a of 2.8 at 99p, up 3p, and s yield of 11.7 per cent, the shares navertheless look cautiously rated.

# J. Wilkes £295,530 shortfall

AS forewarned at the interim stage, profits of James Wilkes, manufacturer of business forms and equipment, for 1979 are down on those for the previous year. The pre-tax figure finished £295,530 lower at £280,362 and, with tax taking £43,774 against £75,030, the net balance fell from £500,862 to £236,588.

At halftime the shortfall was from £256,438 to £160,906.

Yearly earnings per 25p share are shown to have declined from 15.6p to 7.2p and the dividend total is beld at 4.125p with a final payment of 2.625p net.

# 41% increase so far at Wolseley-Hughes

CONTINUING the trend of good performaoces over recent years Wolseley-Hughes, the agriculture and gardening, engineering and merchanting group, reports a 41 per cent increase in pre-tax profits from £5.4m to £7.7m in the six months to January 31, 1980.

Turnover was well ahead at £102.6m compared with £78.2m and Mr. J. Lancaster, the chairman, says that given a speedy eod to the steel strike and no further increase "in the already punitive interest rates," the outlook for the full year looks reasonably encouraging.

The figures iclude those of the John James Gronp of Companies for the first time. On a comparable basis, after adjusting for ble James's contribution of £1.21m, acquisition interest and losses of subsidiaries no longer trading within the group, the pre-tax figures were abead by 22.9 per cent. The James's contribution to the turnover was £16.8m.

Interest charges were more than doubled at £1.1m compared with £457,000. The tax charge was £4m against £2.8m.

The merchanting and agriculture and gardening divisioos both did well but the engineering division suffered a setback.

The interim dividend is 4.4p (3.6603p). The dividend for the last full year was 10.4245p.

**● comment**

The indications are that Wolseley Hnghes is successfully digesting its John James acquisition. While the £1.2m interim profits contribution looks meagre against last year'a £4.2m total, it comes net of £400,000 financing costs. Moreover, says WH, accounting policies are unflattering to James's interim figures, and full-year profitability should be maintainad. The main problem area is engineering. The big overseas customers WH needs for its magnetic mineral separation plant are still not coming through, perbaps daunted by sterling's strength. Happily, the balance sbeet is strong enough for the group to ride out a short-term recession. Borrowings are on the right side of the £13.3m at which they stood at July 31, leaving the group around a third geared. If the second half shows similar growth, full-year pre-tax profits could be as good as £18m—though the steel steel strike would do damage. The market hopes not, to judge from the 22p share boost to 290p, where the prospective fully-taxed p/e is five, on a 12-month historic yield of 5.6 per cent.

# F. W. Thorpe ahead at half year

TAXABLE PROFITS of F. W. Thorpe, lighting equipment manufacturer, rose sligbtly from £377,954 to £400,370 in tha half year to December 31, 1979.

It is difficult to forecast results for the second half, say the directors; although the order book remains bealthy there is uncertainty over ateel supplies. In the last full year, profits rose 17 per cent to £791,387.

The interim dividend is increased from 0.725p to 1p—last year's final waa 1.5p.

Turnover went ahead from £2.08m to £2.24m.

# Liverpool Post ahead and raises dividend to 9.5p

A SLIGHT increase in second-half profits bas left the taxable surplus of Liverpool Daily Post and Ecbo, newspaper, printing group, ahead at £4.11m for 1979, compared with £4.02m. Turnover for the full period was virtually unchanged at £54.54m against £54.4m.

The directors state that in the present national ecooomic climste it seems likely there will be cutbacks in advertising expenditure in the newspaper industry, wbich makes it more essential for the group to contain increasing labour costs, particularly at the Liverpool-based newspapers.

Established paper making and packaging interest should maintain trading results, and the directors expect the group to continue to advance in both Canads and U.S.

A final payment of 6.038p will lift the dividend total to 9.5p net per 50p sbare, compared with a previous 8.11p.

Pre-tax figure for 1979 included income of £316,000 (£230,000) and associates' share of £11,000 (£7,000), and was subject to tax, mnch higber at £1.48m against £318,000.

However, there was an extraordinary credit of £1.04m (£1.07m debit) which left the balance up from £2.63m to £3.66m.

The directors say the strength of the balance sheet means the group is well placed to wasther a recession, and to benefit from any favourable opportunity that it may identify.

**● comment**

LIV. DLY. POST AND ECHO

The year both started and ended in an uohappy manner for the Liverpool Daily Post and Echo, where pre-tax earnings ara just marginally up. Early on, the road baulaga strike cansed problems; in tbe final quarter advertising began to fall off. Unlike some other regional papers, the Liverpool area economy simply did not make for much of an advertising boom; with recession ahead the situation could get worse. Losses from the now sold Ricafeg retailing operation and the closed down Liverpool Web Offset over £300,000 off pool Web Offset lopped over £300,000 off pre-tax profits. Sterling translation from Canadian earnings may bave cost around £100,000. But the gronp, at least, has a sound balance sbeet as it tightens its belt for a difficult 1980. Pre-tax profits this year are unlikely to surpass the £4m mark where it bas been bovering since 1976. The total net dividend is up 17 per cent and yields 12 per cent at 118p. On a full tax charge, the p/e comes to 6.4.

# Courtney Pope uncertain

DESPITE continuing pressure on margins, pre-tax profits of Courtney, Pope (Holdings) improved marginally from £425,000 to £440,000 in the balf year to November 30, 1979.

In their annual statement, directors warned that margins were under pressure but, with good prospects and order books for all divisions, they were confident the record of advance over the preceding four years would be maintained.

They now say that although order level are generally satisfactory, economic and industrial conditions make it impossible to determine the fnll year's outcome with certainty. They would be satisfied if a result in line with last year's total of £931,000 (£841,000) is achieved.

Turnover for the six months improved from £8.43m to £10.59m and, after tax of £155,000 (£149,000), earnings per 20p sbare are shown as 5.83p (£5.65p).

The interim dividend is maintained at 1.2p—last year's final was 1.85p.

# U.S. cuts hit Latin American loans

BY HUGH O'SHAUGHNESSY

NINETEEN LOANS of an aggregate total of some $675m due to be made by the Inter-American Development Bank (IDB) have been frozen as a result of delays in the implementation by the U.S. of its undertaking to contribute to the bank's $8bn replenishment programme.

Lending operations by the bank, which serves most major Latin American and Caribbean countries with the exception of Cuba, have been halted since October last year because of lack of funds.

Delays in the U.S. have created obstacles to the inflow of funds from other governments and there seems to be little likelihood of a quick solution to the problems that have already knocked awry the bank's plans to lend some $2.2bn in the course of 1980.

Under the terms of an agreement among the IDB's 41 member countries reached in 1978, the bank was to be provided with $8bn in new resources. The U.S. committed itself to providing $2,749m in line with its share of 34.5 per cent of the voting rights of the bank. Washington was expected to provide some $865m this year as the first contribution to this operation, but earlier this month the House of Representatives cut $1.1bn out of the $2,749m appropriation from the foreign aid budget, despite the fact that it was strongly supported by the Carter administration, by Treasury Secretary Miller and the Senate.

Given the present U.S. preoccupation with the primaries it seems unlikely that the impasse can be solved by a special meeting of Senators and congressmen in time for the IDB annual meeting scheduled for April 14-16 in Rio de Janeiro.

Delay in the U.S. has already brought serious procedural difficulties with monies already voted by other member governments of the bank and a particular appropriation made by the Bonn government has now lapsed. Given Washington's unwillingness to see its share of the capital of and voting power in the bank diminished other countries will, as things stand, have to reduce their own contributions to the bank.

Bank loans for rural development and energy projects in Latin America and the Caribbean have already been hit.

There is a possibility that the Carter Administration will be able to transfer funds to the bank through emergency spending procedures but it is unlikely that this would cover the whole of the $590m promised for the bank's ordinary resources and the $175m promised to the Fund for Special Operations, the IDB's soft loan window.

The U.S. is not the only country not to have provided funds it had originally undertaken to provide, others include Venezuela, Israel, Belgium and the Bahamas. Their failure to act is, however, much less serious for the bank than the problem with the U.S.

# Citicorp to acquire stake in Chicago bank

BY STEWART FLEMING IN NEW YORK

CITICORP, the second largest U.S. bank and the largest bank in New York, is laying plans to take a 27 per cent stake in a Chicago banking company, even though Federal and state laws appears to prohibit such a step.

The move seems certain to stir up intense controversy in the banking industry, particularly among smaller regional banks, who have become increasingly concerned in recent years about efforts by banking giants such as Citicorp to spread their business nationally.

Citicorp disclosed yesterday that it has invested $12m buying non-voting cumulative preferred stock in Central National Chicago Corporation, a Chicago bank holding company with total assets at the end of 1979 of $701m and net earnings (including tax benefits of $1.65m) of $2.65m in its 1979 financial year.

In addition, however, Citicorp has been granted a non-transferable warrant to purchase $12m of the company's common stock at the book value at the time the warrant is exercised. If it is exercised, this would give Citicorp a 27 per cent stake in the Chicago bank.

The warrant is valid for 15 years. But, most critically, it can only be exercised if there are changes in current Federal and Illinois laws barring inter-state multi-bank holding companies and branch banking. Those laws, primarily the McFadden Act and the Douglas amendment to the Bank Holding Company's Acts, have been under heavy fire from large banks who would like to establish deposit-taking branches across the country. They have been defended just as resolutely by small regional banks, who fear such competition.

In another element in the Citicorp deal, the company is to provide consultancy and subsequently management services to the Chicago bank. It is also examining opportunities to provide such services to other banks in the U.S.

Citicorp said yesterday that the bank did not need, and had not received, approval from the Federal Reserve Board or the Comptroller of the Currency.

Central National Chicago, which will be using the proceeds of the $12m largely as an injection of new capital, said that the merger talks it had announced last August with Midland Bancorp, a holding company of Sears Bank and Trust, have ended.

# Record results from May Stores

By Our Financial Staff

RECORD PROFITS are reported by May Department Stores, one of the largest U.S. retailers with about 130 department stores, 45 Venture discount stores and around 800 shoe outlets.

Net earnings for the 52 weeks ended February 2 were $114m or $3.93 a share, an increase of almost 13 per cent on the previous year's (53 weeks) $101m or $3.52 a share.

Sales rose 8.8 per cent from $2.72bn to $2.96bn.

Growth slowed significantly in the fourth quarter, however, with earnings of $60.4m or $2.08 a share showing a gain of only 4.3 per cent on the previous comparable period's $57.9m or $2.01 a share. Sales for the final period were 3.2 per cent up at $985.5m.

Final quarter earnings were reduced by 9 cents a share by expenses related to the acquisition of Volume Shoe last November.

Meanwhile, the quarterly dividend payable June 15 to shareholders registered on June 1 is to be raised from 35 to 38½ cents a share.

## OIL EXPLORATION

# Sun set on North Sea

BY DAVID LASCELLES IN NEW YORK

SUN OIL, the tenth largest U.S. oil company, has the UK firmly in its sights for oil exploration. In the last few days it has twice made news there: first, when it announced plans to restart drilling in its 16/21 North Sea block, and second when it joined the bidding for Viking Oil, the British company with interests in a couple of North Sea blocks.

The closeness of these announcements was no accident. Like a lot of U.S. oil companies, Sun's less-than-happy experiences abroad in the last few years with nationalisation and expropriation have left it wary of seeking oil too far and wide. It has lost production in Venezuela and Iran, and is now having to pay royalties on its Dubai production in oil, all of which has reduced its foreign production to a trickle.

In fact, Mr. Richard Fetzner, president of Sun International, the Sun subsidiary which handles overseas business, narrows the field considerably. In an interview earlier this week at the company's new headquarters just outside Philadelphia, he said Sun was now confining its active exploration to North America, the North Sea and the UK. Other parts of the world had become unattractive for a number of reasons, he said, mainly political.

But within those regions Sun intends to step up its activity considerably from the 300 or so wells it drilled last year. Average spending on oil and gas exploration over 1980-82 will be 45 per cent higher than it was in 1979 and will account for nearly half of Sun's total capital outlays.

The new well planned for North Sea block 16/21 will complement a well drilled there in 1975 which showed an oil flow of 4,000 barrels a day. At the time Sun did not consider the well economic, but in the light of what has happened to oil prices since then, it wants to have another try.

Sun's second North Sea well this year will be drilled on block 22/B, slightly to the south. Initial tests there had shows, but Sun has not been able to make full tests because of hole problems.

Sun also has a strong interest in the Solent and Isle of Wight area, close, it notes, to the only sizeable onshore field in England, at Wytch Farm. Sun and its partners have applied for production licences there, and expects awards covering 127,000 acres to be made some time this year. But Mr. Fetzner acknowledges that the importance of the Isle of Wight to sailing and recreation could present some problems.

The decision to bid for Viking Oil was prompted by that company's obvious amenability to takeover when it accepted an earlier bid by Deminex of West Germany. Viking has a 20 per cent interest in a couple of North Sea blocks, the remaining 80 per cent being held by the Hunt Oil family.

Viking accepted Sun's higher bid. But Sun's offer has now been topped by the Hunts, and its executives spent this week in a huddle deciding how they should respond. They have 21 days from last Friday to come up with a new offer, but as of yesterday there was no indication as to how their thoughts are going.

In the U.S. itself, Sun has interests in many of the more interesting plays. Offshore, it has a share of two of the gas discoveries in the Baltimore Canyon, though neither have yet been fully tested. This makes Sun the only company with twin successes in this otherwise disappointing offshore region. Other offshore interests include the Georgia Embankment, Georges Bank, Santa Barbara Channel and the Gulf Coast. Onshore, it is active in several areas including the Overthrust Belt and the Williston Basin.

Sun is deeply involved in Canadian oil with a string of blocks in the Northern islands and deltas. But its main thrust in Canada is in oil sands, the development of which it has pioneered since the middle 1960s.

The Athabascan tar sands project is now one of the energy industry's great success stories: it is both famous and profitable. But that only recently became the case. For over a decade, the project was a loss-maker as Sun grappled with the huge technological problems of extracting the sand and transforming it into a usable substance.

The breakthrough finally came last year, when the Canadian Government freed tar sand oil from price control and allowed it to rise to world levels. This nearly tripled the value of Sun's product, and the company soon began to recoup its massive outlays.

Because the project started up so long ago, Sun's production costs at Athabasca will be lower than those of new arrivals. Also, Sun will be able to market the technology it has so painfully acquired, all of which says something for its far-sightedness.

Other energy areas pushed by Sun include coal, where its main properties are a vast strip mine in Wyoming which serves utilities in Texas, and three mines in the traditional eastern Appalachian region. Sun also mines uranium, and is interested in developing oil shale.

Sun's heavy spending on oil comes in sharp contrast to the situation in the mid-1970s, when things looked so bleak for energy that the company decided to diversify into brand new areas. In what turned out to be an ill-judged move, Sun negotiated with private shareholders to buy one-third of Becton Dickinson, a leading medical supply company, for about $300m. The acquisition was challenged by the SEC on the grounds that it constituted an unlawful tender offer, and in the end Sun agreed to divest itself of the shares it had acquired.

# Germany borrows from OPEC

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government has adopted a novel strategy to borrow funds from the OPEC states, spurred by its own credit needs and the country's growing current account deficit.

It is not only acting indirectly through the commercial banking system to place Government notes abroad, but is also arranging a direct loan from Saudi Arabia which circumvents the banks.

Details of the Saudi loan are not being revealed. But it is felt that this will be one of the issues under discussion when the Bonn Finance Minister, Herr Hans Matthoefer, visits Riad next week.

Herr Matthoefer will also be going to Ankara on the same trip in connection with the international aid programme for Turkey—which the West Germans are organising and which they hope the Saudis will support.

## New ground

While the spectacle of the West Germans borrowing abroad is in itself unusual, the direct approach by the Bonn Government to an oil producing state breaks new ground.

When the Government borrowed abroad in 1974 through an issue of promissory notes it did so via the banks—and to the displeasure at that time of the Bundesbank. The operation quickly ceased.

The current direct approach is clearly being carried through with Bundesbank approval and follows the decision last week to loosen restrictions on the sale of fixed interest securities to foreigners.

The action comes not only against the back ground of a current account deficit which could total DM 20bn this year as well as a net capital outflow and a weakening Deutsche Mark—notably against the U.S. dollar.





# Market awaits $500m tap issue for Sweden

BY FRANCIS GHILES

ACTIVITY was subdued in all major sectors of the Eurobond market yesterday where the major talking point is the forthcoming $500m straight dollar tap issue for the Kingdom of Sweden which Salomon Brothers and S. G. Warburg are expected to launch next Monday.

Prices of straight dollar bonds improved by as much as a full point, particularly at the longer end before falling back to close with net gains of about ¼ of a point on the day. Floating rate note issues meanwhile continue firm.

Citicorp is issuing what is believed to be the first Euro-floating note without a redemption date. The U.S. bank will thereby raise $200m for at least 2½ years, with the possibility that some investors may provide floating rate funds for a while longer. For the first 30 months the notes will pay interest at the three-month Libor. The note will be redeemable at the holder's option after 30 months and thereafter every six months. The borrower will have the option to call the bond after six years at a price which declines from 102 in 1986 to par in 1990.

The $500m issue for Sweden marks what many bondhouses feel is the reopening of the fixed-rate Eurodollar bond market, which, with the odd small exception, has been closed since late last summer.

As with a previous issue for the Kingdom of Sweden, arranged last July by S. G. Warburg, the lead managers will offer neither a coupon nor a price for the initial tranche. Instead, this issue will be offered on a yield basis, as is customary in the Yankee bond market. The lead managers are believed to be considering a yield of around 1¾ per cent.

The hard currency sectors of the market had mixed fortunes. Deutsche Mark foreign bonds were a little easier on the day in thin trading. In the domestic German bond market, the Bundesbank bought DM50m worth of paper to lend support to prices. Swiss franc bonds ended the day on a mixed note, with more bonds showing gains than losses.

# Inflation slows AT & T

NEW YORK—American Telephone and Telegraph said the margin of improvement in its earnings per share has continued to narrow due to inflation. But the company's long-term outlook is "most positive."

AT & T said: "The telecommunications market is burgeoning and we are well equipped to serve it."

The group today reported earnings for the three months ended February 29 of $1.4bn or $1.93 a share, up from $1.31bn or $1.39 a share a year earlier, and earnings for the 12 months ended then of $5.71bn or $8.02 a share, up from $5.35bn or $7.81 a share previously.

Reuter

# Ford Motor seeks $300m

By Ian Hargreaves in New York

FORD MOTOR has announced a public offering of $300m of five and 10 year notes, one day after its corporate credit rating was cut from Triple A to Double A.

Moody's Investor Service, which was responsible for the decision to cut Ford's rating, said it would issue a rating on the new notes when it had received details. The rating, however, is certain to be in line with the changed rating of Ford's existing public debt.

This will mean that Ford will probably have to pay a slightly higher interest rate on the new issues.

Moody's decision to cut the rating was based on expectations of weakening cash flow and profits in a year when Ford is short of small cars to sustain its U.S. market share—all this at a time of high investment in new assembly facilities to launch its new generation of fuel economical cars.

Ford lost $1bn last year on its North American motors operations, largely because of these problems.



# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 20

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alcoa of Australia 10 89 | 60 | 81¼ | 81⅞ | +1⅛ | +2⅛ | 13.59 |
| Alex Howden XW 9½ 91 | 30 | †70 | 72 | 0 | 0 | 14.97 |
| Australian Res. 9⅞ 84 | 30 | 85 | 85½ | +0⅛ | +0⅝ | 14.35 |
| Avco O/S Cap. 10⅞ 87 | 40 | 75 | 75½ | −0½ | −1⅛ | 16.19 |
| Beneficial Fin. 9⅞ 87 | 100 | 81⅛ | 81⅞ | +0⅛ | +1⅛ | 13.94 |
| CECA Grad. Rate 12 86 | 100 | 88⅞ | 89⅜ | +0⅛ | +0⅛ | 14.61 |
| CECA 11⅞ 90 | 100 | 85¾ | 86⅜ | +0⅛ | +2⅛ | 14.32 |
| Canadian Pacific 9⅞ 89 | 50 | 81⅞ | 81⅞ | +0⅛ | +1⅛ | 13.33 |
| Carter Hawley 9⅞ 86 | 50 | 82⅛ | 82⅞ | +0⅛ | +1 | 14.10 |
| Comalco Inv. E. 10⅞ 91 | 40 | 80⅛ | 80⅞ | +1⅞ | +2 | 13.74 |
| Continental Grp. 9⅞ 86 | 100 | 81⅞ | 82⅛ | +0⅛ | +0⅛ | 14.08 |
| Dome Petroleum 10 94 | 50 | 79⅞ | 79⅞ | +2 | +3⅛ | 13.27 |
| Dominion Bridge 10⅞ 84 | 30 | 87⅞ | 88⅛ | +0⅛ | +0⅛ | 14.12 |
| EIB 11⅞ 92 | 80 | 85⅛ | 85⅞ | +0⅛ | +1⅛ | 14.37 |
| EIB 10.15 89 | 100 | †74½ | 76 | +1 | +1⅛ | 14.36 |
| Ekspotfin 11⅞ 87 | 50 | 88⅛ | 88⅞ | +0⅛ | +0⅛ | 13.95 |
| Export Dv. Cpn. 9⅞ 84 | 100 | 85 | 85½ | +0⅛ | +0⅛ | 14.39 |
| Export Dv. Cpn. 8⅞ 84 | 150 | 85⅞ | 85⅞ | +0⅛ | +0⅛ | 14.33 |
| Finland 9⅞ 89 | 100 | 76⅞ | 77⅛ | +0⅛ | +0⅛ | 14.64 |
| GTE Finance 9⅞ 89 | 55 | 79⅞ | 80⅛ | +0⅛ | +0⅞ | 13.68 |
| GMAC 9⅞ 86 | 100 | 81⅞ | 82⅛ | +0⅛ | +1⅛ | 13.68 |
| GMAC O/S Fin. 11 84 | 100 | 90⅞ | 91⅛ | +0⅛ | +1 | 13.70 |
| Gould Int. Fin. 9⅞ 85 | 50 | 84⅛ | 85⅛ | +0⅛ | +0⅛ | 14.16 |
| ITT Antilles 9½ 89 | 75 | 76⅞ | 77⅛ | +0⅛ | +0⅛ | 14.18 |
| Kennecott Int 9½ 86 | 100 | 80⅛ | 81 | +0⅛ | +1⅛ | 14.40 |
| Manitoba 9½ 89 | 75 | 78⅞ | 79⅛ | +0⅛ | +1 | 13.73 |
| Michelin 10 94 | 125 | 74⅛ | 74⅞ | +1 | +1⅛ | 14.20 |
| Nat. Ocs. Telecm. 9½ 86 | 100 | 83⅞ | 83⅞ | +1⅛ | +2⅛ | 13.52 |
| New Brunswick 9⅞ 94 | 75 | 75⅞ | 75⅞ | +1 | +1⅛ | 13.77 |
| Newfoundland 10 94 | 50 | 78⅞ | 79⅛ | +1⅛ | +3 | 13.37 |
| Norges Komm. 9⅞ 99 | 100 | 73⅛ | 73⅞ | +0⅛ | +1⅛ | 14.28 |
| Norway 9½ 84 | 150 | 85⅛ | 85⅞ | +0⅛ | +0⅛ | 14.34 |
| Nova Scotia Pwr. 9⅞ 89 | 50 | 80⅞ | 81⅛ | +1 | +1⅛ | 13.50 |
| Occidental Fin. 10⅞ 84 | 50 | 86 | 86½ | 0 | 0 | 14.84 |
| Orient Leasing 9⅞ 86 | 25 | 77⅛ | 78⅛ | 0 | −0⅛ | 15.10 |
| Pennwalt O/S F. 9⅞ 84 | 25 | 85 | 85½ | +0⅛ | +0⅛ | 14.66 |
| Pepsico Cap. 9⅞ 84 | 100 | 85⅞ | 86⅛ | +0⅛ | +0⅛ | 14.06 |
| Quebec Hydro 10 99 | 75 | 75⅛ | 76 | +0⅛ | +2⅛ | 13.80 |
| Sears Roebuck 9 82 | 150 | 90 | 90½ | +0⅛ | +0⅛ | 15.25 |
| Statoil 9⅞ 89 | 100 | 79⅞ | 79⅞ | +0⅛ | +0⅛ | 13.57 |
| Sweden 9⅞ 89 | 100 | 80⅛ | 80⅞ | +0⅛ | +1 | 13.62 |
| Sweden 8⅞ 86 | 200 | 81⅛ | 81⅞ | 0 | 0 | 14.94 |
| Sweden 9⅞ 84 | 100 | 85⅛ | 85⅞ | +0⅛ | +0⅛ | 14.32 |
| Unilever NV 9⅞ 87 | 100 | 80⅛ | 81 | +0⅛ | +1⅛ | 13.53 |
| Warner-Lambert 9 84 | 100 | 84⅞ | 85 | +0⅛ | +0⅛ | 13.92 |
| Average price changes... On day +0⅛ on week +1 | | | | | | |

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| African Dev. Bk. 8 87 | 100 | †91⅞ | 92 | −0⅛ | −2 | 9.56 |
| Asian Dev. Bk. 7½ 89 | 100 | †82⅛ | 82¾ | 0 | −1½ | 10.23 |
| Austria 8½ 90 | 250 | 94⅛ | 94⅝ | −1⅛ | −2⅛ | 8.98 |
| Barclays O'seas 6⅞ 89 | 100 | †78⅞ | 79⅛ | −1 | −3⅛ | 10.42 |
| BFCE 7½ 87 | 100 | 88⅛ | 88⅞ | −0⅛ | −2⅛ | 10.02 |
| BFCE 8½ 95 | 100 | 85⅞ | 86⅛ | −0⅛ | −2⅛ | 8.95 |
| Brazil 8 87 | 150 | 86⅞ | 87⅛ | +0⅛ | −1⅛ | 10.67 |
| CECA 7 91 | 150 | 83⅛ | 84⅛ | −0⅛ | −0⅞ | 9.34 |
| Council of Eur 7⅞ 89 | 100 | 85⅛ | 85⅞ | −1 | −2 | 9.71 |
| Denmark 7⅞ 85 | 100 | 88⅞ | 89⅛ | −0⅞ | −2⅛ | 10.47 |
| Denmark 8½ 92 | 100 | 85⅞ | 86⅛ | −1⅛ | −4⅞ | 10.35 |
| EEC 7⅞ 94 | 225 | 85⅞ | 85⅞ | −1 | −3 | 8.77 |
| EIB 7½ 89 | 200 | 82⅞ | 83⅛ | −2⅛ | −4⅛ | 10.43 |
| Finland Rep. of 8 86 | 150 | 91⅞ | 92⅛ | 0 | −0⅞ | 0.63 |
| Kobe, City of 7⅞ 88 | 150 | 82⅞ | 83⅛ | −0⅛ | −0⅛ | 9.91 |
| Nedel Gasunie 8 86 | 100 | 91⅞ | 92⅛ | 0 | −1⅛ | 9.66 |
| New Zealand 7⅞ 87 | 200 | †84⅛ | 84⅞ | −1⅛ | −2 | 10.16 |
| Norges Komm. 7⅞ 91 | 150 | †85 | 86 | 0 | −3⅛ | 8.93 |
| Norway 7½ 85 | 250 | 91⅞ | 92⅛ | −0⅛ | −1⅛ | 9.71 |
| OKB 6 87 | 40 | †83 | 84 | 0 | +0⅛ | 0.36 |
| OKB 7⅞ 89 | 100 | 81⅛ | 81⅞ | −3 | −3⅛ | 10.53 |
| World Bank 7⅞ 91 | 400 | 83⅞ | 84⅛ | +0⅛ | −2⅛ | 10.15 |
| World Bank 7⅞ 90 | 250 | 86⅛ | 87⅛ | +0⅛ | −2⅛ | 10.03 |
| Average price changes... On day −0⅛ on week −2⅛ | | | | | | |

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 5½ 89 | 80 | 83⅛ | 84 | 0 | −0⅛ | 8.04 |
| Aumar 5 89 | 60 | 83 | 84 | +0⅛ | −0⅛ | 7.53 |
| Australia 3⅞ 89 | 250 | 81⅛ | 82 | +0⅛ | −0⅛ | 6.34 |
| Bergen, City of 4⅞ 91 | 40 | 81⅛ | 82⅛ | +0⅛ | −0⅛ | 7.09 |
| BNOE 5 89 | 75 | 77⅛ | 77⅞ | −0⅛ | −1⅛ | 8.57 |
| BMW Overseas 4⅞ 91 | 100 | 81⅞ | 82 | +0⅛ | 0 | 3.55 |
| Caisse Nat. Tels. 4⅞ 89 | 100 | 83⅛ | 83⅞ | +0⅛ | −0⅛ | 6.80 |
| Canada 7⅞ 89 | 300 | 81⅞ | 81⅞ | +1⅛ | −0⅛ | 6.39 |
| CCCE 5⅞ 90 | 100 | 95 | 85⅛ | +0⅛ | −1⅛ | 6.41 |
| Copenhagen 4½ 91 | 60 | †74⅞ | 75⅛ | +1⅛ | −3⅛ | 7.87 |
| Council of Eur. 5 89 | 100 | 83⅞ | 83⅞ | +1⅛ | −1⅛ | 7.49 |
| EIS 4½ 91 | 100 | 79⅞ | 80 | +0⅛ | −0⅛ | 7.18 |
| EIB 4⅞ 94 | 100 | †75 | 75⅛ | +2⅛ | −0⅛ | 7.18 |
| Elec. de France 4⅞ 89 | 100 | 85⅛ | 86 | +2 | +1 | 6.45 |
| GZB 4⅞ 89 | 100 | 83⅞ | 84⅛ | +1⅛ | +2⅛ | 6.54 |
| Hilti 4⅞ 91 | 35 | 83⅞ | 83⅞ | +0⅛ | +0⅛ | 6.26 |
| Int.-Amer. Dev. 4½ 89 | 100 | 77⅛ | 78 | −0⅛ | −1⅛ | 7.95 |
| Jutland Tele 5½ 90 | 50 | 91⅛ | 92 | +0⅛ | −0⅛ | 6.66 |
| Malaysia 5 89 | 60 | 84 | 84⅞ | +1⅞ | −0⅛ | 7.32 |
| Nippon Tel. & T 4⅞ 89 | 100 | 82⅞ | 82⅞ | +0⅛ | −1 | 6.80 |
| Nordic Bank 5 89 | 45 | 87⅛ | 87⅞ | +0⅛ | +1⅛ | 6.85 |
| Norges Komm 4⅞ 91 | 100 | 80⅛ | 80⅞ | +1⅛ | +1⅛ | 6.87 |
| OKB 3⅞ 91 | 100 | 74⅞ | 75⅛ | +1⅛ | +1⅛ | 7.10 |
| OKB 4⅞ 91 | 100 | 80⅛ | 81 | +0⅛ | +0⅛ | 6.93 |
| Oslo, City of 4½ 91 | 100 | 78⅛ | 78⅞ | +0⅛ | +0⅛ | 7.18 |
| Shikoku El. Pwr. 4⅞ 89 | 100 | 85⅛ | 85⅞ | +1⅛ | +0⅛ | 6.86 |
| Sleweag 4⅞ 91 | 60 | 84 | 85 | +2 | +1⅛ | 6.75 |
| Voest-Alpine 4⅞ 89 | 90 | 83 | 84 | +0⅛ | +0⅛ | 7.27 |
| World Bank 4⅞ 89 | 100 | 81⅛ | 82 | +1⅛ | −0⅛ | 7.38 |
| World Bank 4⅞ 89 | 150 | 79⅛ | 79⅞ | +0⅛ | −0⅛ | 7.46 |
| World Bank 4⅞ 91 | 100 | †81 | 81⅛ | +0⅛ | +0⅛ | 7.03 |
| Average price changes... On day +0⅛ on week −0⅛ | | | | | | |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 5.6 83 | 30 | 81⅛ | 82⅛ | −0⅛ | −1⅛ | 12.06 |
| Australia 6½ 88 | 20 | 72 | 73 | −2 | −4 | 11.93 |
| EIB 7⅞ 89 | 12 | 85⅛ | 86⅛ | 0 | 0 | 10.17 |
| Finland 5.6 83 | 10 | 82 | 83 | +0⅛ | +0⅛ | 11.78 |
| Finland 6.2 88 | 10 | 79⅛ | 80⅛ | +0⅛ | +0⅛ | 10.64 |
| Average price changes... On day −0⅛ on week −1⅛ | | | | | | |

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Avco Fin. 10⅞ 86 C$ | 25 | 80 | 80⅛ | +0⅛ | −0⅛ | 15.38 |
| Bell Canada 10⅞ 86 C$ | 60 | 85⅛ | 86⅛ | +0⅛ | +0⅛ | 14.13 |
| Cr. Foncier 10⅞ 84 C$ | 30 | 85⅛ | 86⅛ | +0⅛ | +0⅛ | 14.94 |
| E. Dev. Cpn 10 84 C$ | 50 | 86⅛ | 86⅞ | +0⅛ | +0⅛ | 14.48 |
| Fst. Can. Inv. 10 84 C$ | 50 | 85⅛ | 85⅞ | +0⅛ | −0⅛ | 14.95 |
| Hudson Bay 10⅞ 89 C$ | 60 | 78⅛ | 78⅞ | +0⅛ | −0⅛ | 15.01 |
| Quebec 10⅞ 88 C$ | 50 | 82⅛ | 84⅛ | +0⅛ | −0⅛ | 14.56 |
| R. Bk. Canada 10 86 C$ | 40 | 84⅛ | 84⅞ | +0⅛ | −0⅛ | 13.85 |
| R. Bk. Canada 10 94 C$ | 40 | 75⅛ | 75⅞ | +0⅛ | +0⅛ | 14.04 |
| Copenhagen 8⅞ 91 EUA | 20 | 89 | 90⅛ | 0 | −0⅛ | 10.32 |
| M. Bk. Dnmk. 8 91 EUA | 25 | 81⅛ | 93 | +0⅛ | −0⅛ | 10.13 |
| SOFTE 8⅞ 89 EUA | 40 | 81 | 82⅛ | +0⅛ | −0⅛ | 11.61 |
| U. Bk. Nrwy. 9½ 90 EUA | 18 | 97⅛ | 98⅛ | 0 | 0 | 9.78 |
| Algemene Bk. 8⅞ 84 Fl | 75 | 91⅛ | 91⅞ | +0⅛ | −0⅛ | 10.70 |
| Ned. Gasunie 8½ 84 Fl | 50 | 90⅛ | 90⅞ | +0⅛ | +0⅛ | 11.66 |
| Ned. Middbk. 8⅞ 84 Fl | 75 | 89⅛ | 90⅛ | +0⅛ | −1⅛ | 11.48 |
| Norway 8⅞ 84 Fl | 100 | 90⅞ | 91⅛ | +0⅛ | −0⅛ | 11.12 |
| Norway 8⅞ 84 Fl | 100 | 91⅛ | 91⅞ | +0⅛ | −0⅛ | 10.64 |
| Philips Lamps 8⅞ 84 Fl | 75 | 91⅛ | 91⅞ | +0⅛ | −0⅛ | 11.12 |
| Air France 11 84 FFr | 120 | 90⅛ | 91⅛ | +0⅛ | +1⅛ | 13.81 |
| Euratom 9⅞ 87 FFr | 150 | 80⅛ | 81⅛ | −0⅛ | +1⅛ | 14.16 |
| Finland 11 84 FFr | 80 | 88⅛ | 88⅞ | 0 | +0⅛ | 14.56 |
| Finland 11½ 89 FFr | 70 | 83⅛ | 84⅛ | 0 | −0⅛ | 14.85 |
| Gaz de France 11.84 FFr | 150 | 89⅛ | 90⅛ | +0⅛ | +0⅛ | 14.12 |
| IBM France 11⅞ 84 FFr | 120 | 90⅛ | 91⅛ | 0 | +0⅛ | 14.54 |
| Renault 9⅞ 85 FFr | 100 | 81⅛ | 83 | 0 | +0⅛ | 14.73 |
| Saint-Gobain 9⅞ 86 FFr | 130 | 80⅛ | 81⅛ | +0⅛ | +0⅛ | 14.73 |
| Solvay et Cie 9⅞ 87 FFr | 125 | 78 | 78⅛ | +0⅛ | 0 | 14.88 |
| Total Oil 9⅞ 87 FFr | 150 | 77⅛ | 78⅛ | 0 | +0⅛ | 14.57 |
| Citicorp O/S 13½ 90 £ | 50 | 90⅛ | 91 | +0⅛ | +0⅛ | 15.38 |
| EIB 11⅞ 91 £ | 25 | 80 | 80⅛ | +0⅛ | +0⅛ | 15.22 |
| Finance for Ind. 13.91 £ | 15 | 86⅛ | 87 | −0⅛ | +0⅛ | 15.62 |
| Fin. for Ind. 12½ 89 £ | 30 | 85 | 85⅛ | +0⅛ | +0⅛ | 15.64 |
| Fin. for Ind. 14½ 88 £ | 20 | 94⅛ | 95⅛ | +0⅛ | −1⅛ | 15.57 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 86 | 88⅛ | +0⅛ | +0⅛ | 14.93 |
| Indonesia 8⅞ 91 KD | 7 | †93 | 93⅞ | 0 | 0 | 9.75 |
| Mitsubishi 7½ 84 KD | 10 | †95⅛ | 95⅞ | 0 | 0 | 8.73 |
| Norges Kom. 7⅞ 89 KD | 12 | †93⅛ | 93⅞ | 0 | 0 | 8.52 |
| Occidental 8⅞ 91 KD | 7 | †90⅛ | 90⅞ | 0 | 0 | 8.67 |
| Akzo 9⅞ 87 LuxFr | 500 | 86 | 87 | +0⅛ | −2⅛ | 12.03 |
| Euratom 8 87 LuxFr | 500 | 78 | 79 | 0 | −3 | 12.83 |
| Euratom 9⅞ 88 LuxFr | 500 | 85⅛ | 87⅛ | −0⅛ | −3⅛ | 12.43 |
| EIB 9⅞ 88 LuxFr | 600 | 88 | 89 | −2 | −4⅛ | 12.09 |
| Volvo 9⅞ 87 LuxFr | 500 | 85⅛ | 86⅛ | −1⅛ | −4⅛ | 12.71 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish Bk. 5½ 87 | 0⅛ | 96⅛ | 97⅛ | 2/7 | 15⅛ | 15.61 |
| Banco di Roma Int. 8 87 | 0⅛ | 98⅛ | 99⅛ | 26/4 | 15⅛ | 15.93 |
| Bank of Ireland 5⅞ 89 | ‡0⅛ | 96⅛ | 97 | 21/5 | 16⅛ | 16.87 |
| Bank of Tokyo 5⅞ 89 | ‡0⅛ | 97 | 97⅛ | 25/4 | 14.56 | 14.87 |
| Barclays O/S Inv. 5 90 | 0⅛ | 96 | 96⅛ | 13/6 | 14⅛ | 14.81 |
| Bergen Bk. A/S 6 89 | ‡0⅛ | 96⅛ | 97⅛ | 29/5 | 17⅛ | 17.81 |
| Bque. Indo Suez 5⅞ 89 | 0⅛ | 96⅛ | 97⅛ | 11/7 | 14.69 | 15.14 |
| Citicorp O/S F. 8 94 | ‡0⅛ | 99 | 99⅛ | 8/8 | 18.81 | 18.95 |
| Citicorp O/S F. 83 | §‡0 | 99 | 99⅛ | 23/5 | 18.06 | 16.18 |
| Citicorp O/S F. 84 | ‡0 | 99⅛ | 99⅞ | 30/5 | 16.94 | 17.00 |
| Co-operative Bk. 8 86 | 0⅛ | 97⅛ | 97⅛ | 15/5 | 15.06 | 15.45 |
| Creditanstalt 5½ 91 | §‡0⅛ | 98⅛ | 98⅞ | 14/5 | 18.44 | 18.74 |
| CNT 5⅞ 86 | §0⅛ | 99⅛ | 99⅛ | 16/4 | 16.19 | 16.28 |
| GZB 5½ 88 | ‡0⅛ | 97⅛ | 97⅞ | 1/5 | 14⅛ | 15.02 |
| Jugobanka 8 89 | 0⅛ | 81⅛ | 92⅛ | 23/5 | 16 | 17.39 |
| Ind. Bank Japan 5⅞ 87 | 0⅛ | 97⅛ | 97⅞ | 15/4 | 14⅛ | 14.80 |
| LTCB Japan 5⅞ 86 | 0⅛ | 96⅛ | 96⅞ | 13/6 | 14⅛ | 14.77 |
| LTCB Japan 5⅞ 89 | 0⅛ | 96 | 96⅛ | 7/8 | 14.19 | 14.74 |
| Mtrs. Han. O/S 5⅞ 94 | ‡0⅛ | 98⅛ | 98⅞ | 30/5 | 17⅛ | 17.39 |
| Midland Intl. Fin. 5 89 | 0⅛ | 98⅛ | 98⅞ | 20/8 | 10 | 10.25 |
| Nacional Fin. 6⅞ 86 | 0⅛ | 98⅛ | 87 | 25/7 | 14.69 | 15.18 |
| Nat. West. 5⅞ 94 | §0⅛ | 97⅛ | 97⅞ | 11/4 | 14.94 | 18.30 |
| Nippon Credit 6½ 86 | 0⅛ | 95⅛ | 96⅛ | 12/7 | 14.44 | 15.04 |
| Nippon Credit 5⅞ 87 | ‡0⅛ | 96⅛ | 97⅛ | 8/5 | 14.69 | 15.16 |
| Royal Bk. Scot. 5⅞ 94 | §‡0⅛ | 98⅛ | 98⅞ | 11/4 | 14⅛ | 14.83 |
| Soc. C. de Bque. 6⅞ 87 | 0⅛ | 97⅛ | 97⅞ | 3/4 | 13⅛ | 13.81 |
| Sogenel 5⅞ 89 | §0⅛ | 96⅛ | 97 | 13/7 | 14.44 | 14.92 |
| Standard Chart. 5⅞ 90 | 0⅛ | 97⅛ | 98⅛ | 8/9 | 17⅛ | 17.62 |
| Sweden 8⅞ 91 | ‡0⅛ | 96⅛ | 97⅛ | 18/4 | 14.44 | 14.90 |
| TVO Pwr. 0 91 (O-lock) | 0⅛ | †96⅛ | 98⅛ | 24/5 | 15.31 | 16.87 |
| Williams & Glyn 5⅞ 91 | 0⅛ | 97⅛ | 98 | 14/6 | 18⅛ | 18.93 |
| Bq. E. d'Alg. 4⅞ 88 BF | 0⅛ | 81⅛ | 82 | 18/6 | 8.69 | 7.30 |
| Average price changes... On day 0 on week −0⅛ | | | | | | |

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| AGA Akt'bolag 7⅞ 89 | 10/79 | 145 | 111⅛ | 112⅛ | −0⅛ | −6.38 |
| Ajinomoto 7⅞ 96 | 2/80 | 818 | 85 | 86 | +1 | 4.20 |
| Alco Int. Fin. 8½ 94 | 1/80 | 40 | †86 | 87 | −1 | 22.48 |
| Asahi Optical 7 94 | 11/79 | 605 | 74⅛ | 75⅛ | +0⅛ | −3.01 |
| Canon 6⅞ 84 | 8/79 | 570 | 93⅛ | 94⅛ | +1⅛ | 4.57 |
| Ciba-Geigy O/S F. 4 94 | 9/79 | 675 | †68⅛ | 69⅛ | +0⅛ | 0.83 |
| Credit Suisse 4⅞ 93 | 10/79 | 1325 | 90 | 91 | +0⅛ | −7.07 |
| Daiei Inc. 6½ 84 | 11/79 | 1020 | 89 | 90 | +0⅛ | 32.05 |
| Ensarch Fin. 9⅞ 94 | 7/80 | 30.25 | 98⅛ | 99⅛ | +4⅛ | 12.48 |
| LPC Internatnl. 8 88 | 9/79 | 23.33 | †95 | 96 | +0⅛ | 14.96 |
| Meidensha Elec. 7 94 | 12/79 | 210 | 85 | 86 | +0⅛ | 10.82 |
| Mitsubishi Cp. 6⅞ 84 | 10/79 | 604 | 113⅛ | 114⅛ | +0⅛ | 3.91 |
| Nippon Seiko 7⅞ 94 | 12/79 | 339 | 92 | 93 | +0⅛ | −1.76 |
| Nitto Elec. Ind. 6 94 | 7/79 | 735 | 83⅛ | 84⅛ | 0 | −1.37 |
| Toshiba Cpn. 7⅞ 94 | 10/79 | 198 | 86⅛ | 87⅛ | +1⅛ | −0.91 |
| Union Bk. Switz. 5 89 | 2/80 | 125 | 87 | 88 | +0⅛ | −13.54 |
| Fujitsu 5 84 DM | 7/79 | 475 | 88⅛ | 89⅛ | −7 | 7.60 |
| Kansai Elec. 4.84 DM | 4/79 | 1234 | †79⅛ | 80⅛ | +0⅛ | 42.58 |
| Tokyu Ld. Cp. 4 86 DM | 4/79 | 493 | †71 | 72 | 0 | 32.09 |
| Uny Co. 6½ 85 DM | 11/79 | 1071 | 86⅛ | 87⅛ | 0 | 32.97 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Sharp downturn in final quarter hits Philips

BY OUR FINANCIAL STAFF

A SHARP downturn in the all important final quarter has left Philips, the Dutch electrical group, with lower profits for 1979.

At the net after tax level profits declined by 12 per cent to Fl 619m last year compared with Fl 707m in 1978—having been ahead by 7 per cent after the first nine months of 1979.

However, the group hinted that earnings problems could arise in the final three months of 1979—"much will depend on television sales in the three months to December," Philips stressed, adding that "so far in 1979" they had been disappointing.

The group, whose operations in Europe account for about 60 per cent of sales, with a further 25 per cent arising in North and South America, reports profits per share lower by 14 per cent at Fl 3.29 against Fl 3.81 in 1978.

On sales higher by 3 per cent the group was able to announce net profits of Fl 462m for the first nine months of 1979. Volume sales for the period were some 5 per cent ahead and at the time Philips expected actual unit sales to grow by 6 per cent for the year as a whole.

* * *

CALAND HOLDINGS, the Dutch specialised shipbuilding group formerly known as IHC Holdings, reported sharply higher profits in 1979 and proposed an increased dividend.

Net profit rose by 65 per cent to Fl 16.3m ($8m) from Fl 9.9m in 1978. Caland will double its payment into reserves to Fl 11.5m and proposes raising its dividend to Fl 1.50 per Fl 10 nominal share from Fl 1.38 in 1978.

Operating profits of Caland's majority-owned subsidiaries fell to Fl 1 m from Fl 2.4m, while minority holdings increased profits to Fl 12.1m from Fl 3.3m. Profits of Mining and Transport Engineering (MTC) were lower than in the previous year. IHC Inc., which groups the foreign activities and in which Caland has a 40 per cent stake, also made slightly lower profits as a result of a slow down in offshore investments by the oil industry.

Losses at IHC Holland, which is 46 per cent owned by Caland, were in line with earlier forecasts and were covered by the Fl 40m provisions made by Caland in 1978. It paid no tax on Dutch earnings last year because of accumulated losses in previous years. In 1978 the tax bill was Fl 2.8m.

# Profits fall at Commerzbank

BY KEVIN DONE IN FRANKFURT

WEAKENING GROWTH and declining earnings marked last year's performance by Commerzbank, one of the leading West German commercial banks. A similar picture is expected to emerge in the next two weeks from the other major banks, including Dresdner and Deutsche Bank.

Commerzbank's consolidated balance sheet total exceeded the DM 100bn mark for the first time, rising by 14 per cent to DM 100.3bn compared with DM 88bn in 1978. But the growth was slower than in 1978, when balance sheet total grew by 17 per cent.

At the same time the bank's earnings performance was hit badly by the world-wide climb in interest rates, with consolidated net income falling by 36 per cent to DM 142.5m.

Commerzbank has had to write down its securities portfolio by more than DM 100m, according to Herr Robert Dhom, chairman of the executive board, as a result of the slump in domestic bond prices.

As a result of the move by the Bundesbank in February to raise its key interest rates, Herr Dhom expects improved results in the domestic market this year, as the rise in Lombard and discount rates has allowed the commercial banks to improve their interest margins.

The main reason for the expansion of the bank's business volume last year came from its lending business. For the consolidated concern long-term loans and advances to customers increased by 21.6 per cent to DM 35bn, while loans of less than four years' maturity increased by 16.8 per cent to DM 20.8bn.

On the other side of the balance sheet, customers' deposits grew by only 1.9 per cent to DM 39.9bn. Borrowings from banks grew by 29.5 per cent, however, to DM 36.8bn while advances to banks totalled DM 30.5bn, a rise of 21.9 per cent.

As a result of the growth in lending last year, the Commerzbank managed to bring its domestic non-bank credit business back into a better balance. This activity was clearly helped by the high level of German industry's capital expenditure, and Commerzbank is making special efforts to strengthen its links with small and medium-sized companies.

Commerzbank gives a detailed account of its industrial and private sector customers. Some 11.9 per cent of its domestic lending business is with trading companies, 9 per cent with electrical and plastics and metal processing companies, 8.9 per cent with the mechanical engineering, ship and motor sectors and 10.8 per cent with service companies.

Private customers accounted for 29.5 per cent of lending, an increase of 23.9 per cent

The period of Commerzbank's vigorous overseas expansion appears to be near an end. Herr Dhom said the bank had no great ambitions to expand its network of foreign branches much beyond the 15 it will have opened by the middle of this year.

# Siemens plans rights offering

BY ROGER BOYES IN BONN

SIEMENS, West Germany's largest electrical group, yesterday announced a one-for-17 rights issue to raise DM 225m ($120m).

Herr Peter von Siemens, chairman of the supervisory board, announcing the decision at a general meeting in Munich, said that the new shares, to be priced at DM 100, would be on offer between mid-May and the beginning of June, and would be eligible for a dividend backdated to October 1979. The group paid an unchanged 16 per cent dividend last year.

The move lifts Siemens' basic capital to over the DM 1.8bn mark and has to be seen in the context of the company's ambitious investment plans for this year. Although company executives stress that the investment programme would have been carried out even without a new capital injection, the new funds will clearly contribute significantly to the DM 2bn investment plans. "We are not short of cash," said a Siemens executive yesterday. "It is simply part of our long-standing dividend-cum-new issue policy."

The general impression of good health was reinforced by Herr Bernhard Plettner, Siemens' chief executive, who declared that he expected "overall growth" of 6 per cent this year. In the first three months of the business year (started October 1), orders and turnover in almost all of the divisions had grown by 10 per cent or more.

Even Kraftwerk Union, the power station subsidiary and Siemens' enduring problem child, seems to be doing well. A domestic order for a nuclear power station—the first in several years because of the political uncertainties surrounding nuclear power in Germany—will show up on the books later this year, as will numerous overseas orders. KWU's troubles, especially in Iran, led to a DM 1bn drop in sales last year to DM28bn.

Meanwhile, Herr Peter von Siemens announced that he is to retire in January next year and—following a vote at the general meeting—is to be replaced by Herr Pletner. It will be the first time in the company's 130-year history that a member of the Siemen's family has not headed the group's supervisory board Herr Plettner is expected to be replaced by his deputy, Herr Karlheinz Kaske.

● Deutsche BP will have a provisional loss of DM150m on its mineral oil operations in the first quarter of this year, against a provisional profit of DM198m for the whole of 1979. The first quarter loss is due to the rise in crude oil prices.

# Krupp Steel bounces out of the red

By Our Financial Staff

STEELMAKING WITHIN the Krupp empire has bounced back to a profit after four years of losses. For 1979 Krupp Huettenwerke reports a net profit of DM 10m, compared to losses of DM 65.8m.

Sales were a fifth higher at DM 5.28bn. The company said yesterday that last year's turnround resulted from higher volume and prices, coupled with rationalisation.

Special steel sales rose to 52 per cent of the year's steel turnover total of DM 3.8bn from 47 per cent of 1978's DM 3.36bn.

Results in 1980 will be affected by "political uncertainties as well as further energy and raw material cost increases which the company will try to balance with higher prices."

# Sharp earnings increase for French drugs group

BY TERRY DODSWORTH IN PARIS

CONSOLIDATED profits at Sanofi, the French pharmaceuticals and cosmetics company, shot up sharply last year in the course of a long period of reorganisation in preparation for its introduction to the Paris Bourse.

According to preliminary figures released by the group yesterday in preparation for the flotation next week, profits should reach about FFr 140m ($32.5m) against FFr 89.9m. Excluding minority interests, they will be about FFr 127m against FFr 76.6m.

The 56 per cent jump in profits indicates that the group is already beginning to reap some productivity benefits from its reorganisation. Turnover, by contrast, moved up by a more moderate 20 per cent to reach FFr 2.95bn.

Last year, pharmaceutical sales accounted for the largest proportion of Sanofi's activity, rising by 14.7 per cent to FFr 1.4bn. But the cosmetics interests achieved a faster growth rate with sales increasing by 23.4 per cent to FFr 1.2bn, while turnover of veterinary products rose by 40 per cent to FFr 172m. Other, minor activities accounted for FFr 107m of sales.

Sanofi, a group put together through acquisitions by the oil company, Elf Aquitaine, over the last few years, says that its re-organisation is designed to improve its performance by bringing together similar activities in the constituent companies.

# Turnround by Swedish steel maker

BY VICTOR KAYFETZ IN STOCKHOLM

UDDEHOLM, the Swedish special steel and power-generating group, fulfilled its forecast of a return to profit after a period of large losses and major reorganisation.

Group pre-tax earnings were SKr 3m ($0.7m), against a loss in 1978. But stock gains accounted for SKr 179m or more than half the 1979 improvement. The board, describing profits as "still unsatisfactory," recommends passing the dividend for the fourth consecutive year.

Extraordinary items showed a surplus of SKr 39m, down from SKr 147m in 1978 when Uddeholm made large capital gains from the sale of its forest industry and chemical operations to Billerud, now called Billerud Uddeholm.

Group sales in 1979 totalled SKr 3.28bn ($746m), against SKr 2.54bn in 1978, but the preliminary report does not state clearly by what percentage turnover rose for comparable units.

The 1979 sales figure does, however, include about SKr 820m from Gränges NYBY, the central Swedish stainless steel maker, 90 per cent of which Uddeholm purchased last summer from Gränges.

The 1978 sales figure includes SKr 533m from Forest industry operations, Uddeholm states.

Uddeholm predicts a profit in 1980, saying favourable trends from late 1979 will continue until late this year. The ensuing recession will be milder for the group than that of 1976-77 because of the relatively low inventories held by industrial customers, the group states.

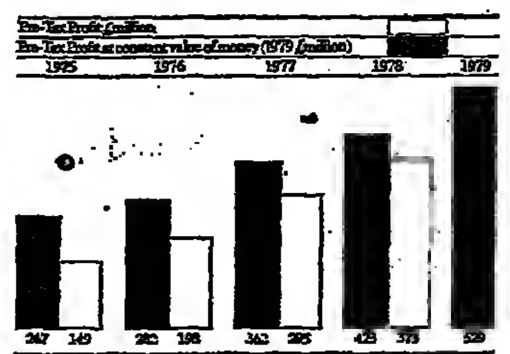
● ISS, the office-cleaning and security systems group, reports an increase in sales from DKr 2.05bn to DKr 2.97bn for last year. Pre-tax earnings were down from DKr 76.6m to DKr 65.2m. The board proposed a 10 per cent dividend. Most companies in the group reported satisfactory results, with the exception of the security companies in Switzerland, Holland and France.

# Barclays Bank Limited.

## The Directors of Barclays Bank Limited report the Group results for the year ended 31st December 1979.

**The Barclays Group pre-tax profits for 1979 amounted to £529.4 million compared with £373.3 million for 1978, an increase of 42%.**

"In today's climate of inflation it is essential that international banks make adequate profits to support their world wide deposits. In our case these deposits have risen during 1979 from £20.8 billion to £26.3 billion, partly due to expanding business but partly as a result of inflation. The impact on our results since 1975 is shown on the following chart.




Of the increased profit, the major part came from the continued expansion of the clearing bank business which also benefited substantially from high interest rates. We are conscious of the fact that these high rates, although an instrument of Government policy, have the effect of increasing the profits of the bank, whereas borrowing customers bear the burden. Stockholders and indeed all those concerned with our results would expect the bank to perform well in these circumstances in order to provide the strength we shall need when rates fall, as everyone must hope they will; we may then be balancing a lower income against higher costs in a period of economic stringency.

Despite the fact that a strong pound and narrow spreads in the Eurodollar market made profits harder to earn, Barclays Bank International has achieved a satisfactory increase of 12% to £137.7 million before tax, the result of general growth of our business throughout the world. The figure includes a contribution since May 1979 from our newly acquired finance company, BarclaysAmericanCorporation.

For the first time, almost all the Group's subsidiaries have produced accounts to the 31st December. In order to give a true comparison, their profits for the year 1979 have been consolidated in the profit and loss account; those for the last three months of 1978 (approximately £40 million before tax) being placed direct to the reserves.

We have recommended an increase in dividend which takes into account that our distributions since 1973 have fallen behind the rate of inflation. In addition we propose a one for five scrip issue to Ordinary Stockholders. Although this will do no more than divide the total cake into more slices, a number of Stockholders have suggested that we take this step. We hope, subject to any unforeseen circumstances, to pay the same rate of dividend for the year 1980 on the increased capital."

Anthony Tuke

Sir Anthony Tuke, Chairman of Barclays Bank Limited

### A COMPARISON OF 5 YEARS' RESULTS

| | 1975 £m | 1976 £m | 1977 £m | 1978 £m | 1979 £m |
|---|---|---|---|---|---|
| Profit before tax | 148.7 | 198.4 | 294.6 | 373.3 | 529.4 |
| Profit after tax | 108.5 | 116.7 | 154.9 | 237.8 | 367.4 |
| Profit retained | 81.9 | 84.5 | 120.6 | 198.8 | 305.4 |

### DIVIDEND

The Directors recommend a final dividend for 1979 of 10.25p per £1 Ordinary stock (1978 – 7.4939p) payable on 19 May 1980 in respect of stock registered in the books of the company at the close of business on 14 April. On this basis the total distribution for the year will be 18.5p (1978 – 13.5439p); an increase of 36.6% over 1978.

It is recommended that holders of Staff Stock should receive a final dividend for 1979 of 7p per £1 Staff stock.

### PROPOSED CAPITALISATION ISSUE

The Directors also recommend the capitalisation of reserves to enable the allotment to Ordinary Stockholders on the Register of Members at the close of business on 16th May 1980 of one new Ordinary share of £1 credited as fully paid up for each £5 of Ordinary stock then held. On issue the new shares will be converted into stock. This new stock will rank pari passu in all respects with the existing Ordinary stock, except that it will not rank for any dividend which may be paid or declared for the year ended 31st December 1979.

Unless unforeseen circumstances arise, the Board hopes to maintain the rate of dividend on the increased Ordinary stock for the year ending 31st December 1980.

Stockholders will be invited to pass resolutions at the Annual General Meeting to bring about an increase in the authorised capital of the Bank and the proposed capitalisation of reserves.

Full details of these proposals will be set out in the Annual Report and Accounts which, together with the Chairman's Address, will be posted to every Stockholder.

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1979

| | 1979 £m | 1978 £m |
|---|---|---|
| **Operating profit** (notes 1, 2 and 3) | 502.0 | 348.3 |
| Share of profit of associated companies | 44.8 | 43.3 |
| | 546.8 | 391.6 |
| Interest on loan capital | 17.4 | 18.3 |
| **Profit before taxation and extraordinary items** | 529.4 | 373.3 |
| Taxation (note 5) | 162.0 | 135.5 |
| **Profit after taxation** | 367.4 | 237.8 |
| Profit attributable to minority stockholders of subsidiary companies | 18.3 | 11.7 |
| | 349.1 | 226.1 |
| Extraordinary items | (0.6) | 2.4 |
| Profit attributable to members of Barclays Bank Limited | 348.5 | 228.5 |
| **Dividends** (note 6): | | |
| Interim | 19.2 | 12.3 |
| Proposed final | 23.9 | 17.4 |
| | 43.1 | 29.7 |
| **Profit retained** | 305.4 | 198.8 |
| Earnings per £1 Ordinary stock (note 7) | 150.5p | 105.3p |

### NOTES:

1. The bases of accounting are as explained on pages 55 and 56 of the 1978 annual accounts with the exception that all principal subsidiary companies now account to 31 December.

2. Following the change of accounting dates of subsidiary companies, the Group profit for 1979 is based on results for the twelve months ended 31 December. The profit of subsidiary companies for the period between the date at which accounts were previously prepared (mainly 30 September 1978) and 31 December 1978 amounted to £40.4m and after adjustment for taxation and minority interests has been credited to reserves.

3. Operating profit is stated after:
(i) charges for bad and doubtful debts of £55.0m (1978 – £22.8m);
(ii) losses of £12.3m on realisation of investments (other than trade investments) (1978 – £14.3m);
(iii) depreciation of £58.0m (1978 – £40.9m) on Bank premises, other properties and equipment, of which £9.2m (1978 – £6.8m) is in respect of the depreciation of freehold premises;
(Of the increase in the depreciation charge for 1979 approximately £11m is due to revaluation of properties and reclassification of assets.)
(iv) allocation of £20.3m to Trustees for the profit sharing schemes (1978 – £14.7m).

4. The total profit of the Group, before interest on loan capital and taxation arises from:

| | 1979 £m | 1978 £m |
|---|---|---|
| Barclays Bank Limited | 325.4 | 188.2 |
| Barclays Bank International Group | 150.2 | 136.6 |
| Barclays Merchant Bank | 7.0 | 10.3 |
| Mercantile Credit Group | 36.9 | 32.9 |
| Other subsidiaries & associates of Barclays Bank Limited | 27.3 | 23.6 |
| | 546.8 | 391.6 |

5. Taxation charged against profit for the year has been reduced by £109.5m (1978 – £59.2m) due to the deferment of tax liabilities for which provision has not been made. The total amount of potential deferred taxation not provided at 31 December 1979 is £314.6m (1978 – £183.7m).

The Directors consider it prudent to continue to maintain a provision of 25% of the potential taxation liability in respect of the Group's UK leasing business.

6. Dividends:

| | 1979 p per £1 stock | 1978 p per £1 stock |
|---|---|---|
| On Ordinary stock: | | |
| Interim dividend | 8.25 | 6.0500 |
| Proposed final dividend | 10.25 | 7.4939 |
| | 18.50 | 13.5439 |
| The gross equivalent rates are | 26.4286% | 19.7355% |
| On Staff stock: | | |
| Interim dividend | 7.0 | 7.0 |
| Proposed final dividend | 7.0 | 7.0 |
| | 14.0 | 14.0 |

7. Earnings per £1 Ordinary stock are based upon profit after taxation and after deducting profit attributable to the minority stockholders of subsidiaries, but before extraordinary items. Dividends on the Staff stock are also deducted.
The earnings amount to £349.0m (1978 – £226.0m) and are related to the weighted average of £231.9m Ordinary Stock (1978 – £214.7m) in issue during the year.

8. Details of provisions for bad and doubtful debts are as follows:

| | The Group 1979 £m | The Group 1978 £m | The Bank 1979 £m | The Bank 1978 £m |
|---|---|---|---|---|
| Provisions at beginning of year | 400.0 | 443.6 | 216.7 | 268.6 |
| Exchange and other adjustments | 9.9 | (8.7) | — | — |
| | 409.9 | 434.9 | 216.7 | 268.6 |
| Provisions raised, less amounts released | 60.5 | 25.1 | 12.5 | (10.8) |
| | 470.4 | 460.0 | 229.2 | 257.8 |
| Amounts written off | 90.6 | 60.0 | 36.2 | 41.1 |
| Provisions at end of year | 379.8 | 400.0 | 193.0 | 216.7 |
| Provisions at 31 December: | | | | |
| Specific | 234.7 | 288.9 | 101.7 | 150.9 |
| General | 145.1 | 111.1 | 91.3 | 65.8 |
| | 379.8 | 400.0 | 193.0 | 216.7 |

Both specific and general provisions against advances are stated gross without deduction of tax relief.

| | The Group 1979 £m | The Group 1978 £m | The Bank 1979 £m | The Bank 1978 £m |
|---|---|---|---|---|
| Charge against profits: | | | | |
| Charge/(credit) for specific provisions | 25.5 | 18.1 | (13.0) | (21.1) |
| Charge for general provisions | 35.0 | 7.0 | 25.5 | 10.3 |
| | 60.5 | 25.1 | 12.5 | (10.8) |
| Recoveries of amounts previously written off | (5.5) | (2.3) | (1.9) | (1.5) |
| Charge against/(credit to) operating profit | 55.0 | 22.8 | 10.6 | (12.3) |

9. Stockholders' funds (issued capital and reserves) have increased as follows:

| | 1979 £m | 1978 £m |
|---|---|---|
| Profit retained | 305.4 | 198.8 |
| Amount arising on change of accounting date (see note 2) | 38.5 | — |
| Issues of stock (including share premium) | 4.3 | 85.4 |
| Surplus on revaluation of properties | 77.9 | 4.0 |
| Non-trading exchange deficit | (22.4) | (17.7) |
| Goodwill on acquisition of interests in subsidiary companies | (16.6) | (0.6) |
| Other items | 10.6 | (0.4) |
| | 397.7 | 269.5 |
| At beginning of year | 1,357.9 | 1,088.4 |
| Stockholders' funds at end of year | 1,755.6 | 1,357.9 |

10. Certain balance sheet figures are:

| | 1979 £m | 1978 £m |
|---|---|---|
| Capital resources: | | |
| Stockholders' funds | 1,756 | 1,358 |
| Minority interests in subsidiary companies | 86 | 68 |
| Loan capital | 262 | 215 |
| | 2,104 | 1,641 |
| Deposits | 26,300 | 20,841 |
| Advances | 20,517 | 16,757 |
| Total assets | 30,332 | 23,884 |

11. Current cost accounts have been prepared in accordance with ED24, the proposed accounting standard issued by the Accounting Standards Committee. In the current cost accounts, provision is made for the effect of inflation on the capital base of the Group in terms of a monetary working capital adjustment which amounts to £167.8m (1978 – £71.8m). After taking this and other adjustments into account, a comparison of the main figures in the historic cost accounts and the current cost accounts shows:

| | 1979 Historic Cost Accounts | 1979 Current Cost Accounts | 1978 Historic Cost Accounts | 1978 Current Cost Accounts |
|---|---|---|---|---|
| Profit before taxation | £529.4m | £355.8m | £373.3m | £290.3m |
| Profit after taxation | £367.4m | £193.8m | £237.8m | £154.8m |
| Earnings per £1 Ordinary stock | 150.5p | 77.6p | 105.3p | 68.3p |
| Dividend cover | 8.1 | 4.2 | 7.6 | 4.9 |

BARCLAYS

BY ORDER OF THE BOARD, D. H. JOHNSON, SECRETARY,
REG. OFFICE: 54 LOMBARD STREET, LONDON EC3P 3AH.

Reg. No. 48839 20th March 1980

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Trust of Property Shares Limited ("the Company"). The directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for all the 6,000,000 Ordinary Shares of 5p each of the Company now in issue and to be issued to be admitted to the Official List.

A copy of these particulars having attached thereto the documents specified in paragraph 6(xv) under Statutory and General Information below has been delivered to the Registrar of Companies for registration.

# TRUST OF PROPERTY SHARES LIMITED

*(Incorporated in England under the Companies Acts 1948 to 1976)*

(Company No. 1484606)

## SHARE CAPITAL

| *Authorised* | | *Issued and to be issued fully paid* |
|---|---|---|
| £350,000 | … … in Ordinary Shares of 5p each … … | £300,000 |

## INDEBTEDNESS

At 18th March, 1980, the Company had outstanding no loan capital or loan capital created but unissued and no borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances, normal trade bills or acceptance credits, mortgages, charges, hire purchase commitments, or guarantees or other material contingent liabilities.

## PLACING

by

QUILTER HILTON GOODISON & CO.

of

2,700,000 Ordinary Shares of 5p each at 10p per share

A proportion of the shares the subject of this placing has been allocated to the market. From this allocation, shares will be made available to brokers making application on behalf of their clients on the date of publication of this Advertisement.

### DIRECTORS

EVERARD NICHOLAS GOODMAN, F.C.A. (Chairman)
6, Welbeck Street, London W1M 8BS
ROBERT ALISTER PEEL BRUCE, A.F.C., F.C.A.
Abbots Leigh, Haywards Heath, Sussex
STANLEY KON, F.C.A.
19, Cavendish Square, London W1M 0HJ
ALAN PETERS, A.C.I.S.
36/40, Wigmore Street, London W1H 9DE
VICTOR ARTHUR EVELYN WOOD, F.R.I.C.S.
23, Berkeley Square, Mayfair, London W1X 6AL

### SECRETARY AND REGISTERED OFFICE

STANLEY KON, F.C.A.
6, Welbeck Street, London W1M 8BS

### REGISTRARS AND TRANSFER OFFICE

CAVENDISH REGISTRARS LIMITED
16, Harcourt House, 19, Cavendish Square, London W1M 0HJ

### BANKERS

BARCLAYS BANK LIMITED
46, Park Lane, London W1A 4EE
COUTTS & CO.
16, Cavendish Square, London W1A 1EE

### BROKERS

QUILTER HILTON GOODISON & CO.
Garrard House, 31/45 Gresham Street, London EC2V 7LH
and The Stock Exchange

### AUDITORS AND REPORTING ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants
1, Puddle Dock, Blackfriars, London EC4V 3PD

### SOLICITORS

BRECHER & CO.
78, Brook Street, London W1Y 2AD

### INTRODUCTION

The Directors consider that there is a demand for a new investment trust, with the special taxation advantages which apply thereto, to invest in the shares of listed and unlisted property companies and the Company has been formed with a view to meeting this demand.

By an Agreement dated 20th March, 1980:—

(i) Quilter Hilton Goodison & Co. have agreed to subscribe or procure subscribers for 2,700,000 Ordinary Shares of 5p each; and

(ii) Mr. E. N. Goodman and the other persons specified in paragraph 5 under Statutory and General Information below have agreed to take up 3,300,000 Ordinary Shares of 5p each

in each case at the price of 10p per share in cash and subject only to all of such shares being admitted to the Official List of The Stock Exchange on or before 26th March, 1980. All of such Ordinary Shares will rank *pari passu* in all respects as one class of share.

### INVESTMENT POLICY

The Directors intend to invest the funds available mainly in a range of ordinary shares in listed property companies incorporated in the United Kingdom. Property, particularly having reversionary potential, is regarded as an excellent hedge against inflation and the policy of the Directors will be to create a balanced portfolio to achieve growth in both income and capital appreciation. Quilter Hilton Goodison & Co. will provide advice to the Directors on the Company's investments in listed property companies.

The Directors also favour investment in the shares of unlisted companies owning reversionary shop and office properties and when suitable opportunities arise intend to invest up to 15 per cent. of the assets of the Company in such shares. This activity is one in which the Chairman has specialised for many years.

The Directors intend that the Company will conduct its affairs to satisfy the conditions required for it to be approved as an investment trust in accordance with section 359 of the Income and Corporation Taxes Act 1970 (as amended). Accordingly, the Company will not retain in respect of any accounting period more than 15 per cent. of the income it derives from shares and securities. The distribution as dividend of surpluses arising from the realisation of investments is prohibited by the Company's Articles of Association.

Not more than 10 per cent. of the assets of the Company or, if the Company has any subsidiaries, of the Company and its subsidiaries ("the Group") (before deducting borrowed money) will be lent to or invested in the securities of any one company (other than those of another investment trust which has been approved by the Inland Revenue or which would qualify for such approval but for the fact that it is not yet listed) including loans to or shares in any subsidiary of the Company.

Not more than 15 per cent. of the assets of the Company or Group (before deducting borrowed money) may be invested in:—

(a) securities not listed on any recognised stock exchange (for this purpose securities dealt in "over-the-counter" in the United States of America and Canada are treated as listed securities); and

(b) holdings in which the interests of the Company and any subsidiaries of the Company exceed 20 per cent. of the aggregate of the equity capital (including any capital having an element of equity) of any one listed company (other than another investment trust which has been approved by the Inland Revenue or which would qualify for such approval but for the fact that it is not yet listed).

### TAXATION

The Directors consider it unlikely that the Company will be a close company immediately following completion of the placing now being made. On the basis that the Company is approved as an investment trust in accordance with section 359 of the Income and Corporation Taxes Act 1970 (as amended), any chargeable gains realised by the Company will, under the existing legislation, be chargeable to corporation tax at an effective rate of 10 per cent. Under existing legislation, a shareholder disposing of his shares in the Company would be entitled to a tax credit of up to 10 per cent. of the amount of any gain, computed in accordance with section 94 (4) of the Capital Gains Tax Act 1979. Any prospective shareholder who is unsure about the significance for tax purposes of an approved investment trust should consult his own tax adviser.

### DIRECTORS

Mr. E. N. Goodman (aged 48) has since 1972 been Executive Chairman of a group of property investment companies owning portfolios of shop and office properties in the United Kingdom. Prior to that time, he was Managing Director and principal shareholder of The Collingwood Group Limited an industrial holding company with property interests whose shares were placed in 1959 and listed until 1972 when a takeover bid was accepted for the company.

Mr. R. A. P. Bruce (aged 64) has wide experience of portfolio and securities management. Mr. Bruce has also had considerable experience in the operation of investment trusts and has been a Director of London and St. Lawrence Investment Company Limited (a listed investment trust) for more than ten years. He is also a Director of Practical Investment Co. Limited and Country and New Town Properties Limited.

Mr. S. Kon (aged 44) is a senior partner of Durhams, Chartered Accountants, of 19, Cavendish Square, London W1 and specialises in taxation matters relating to property and investment companies.

Mr. A. Peters (aged 37) is senior partner of Alan R. Peters & Associates, corporate and personal investment advisers. Since 1974 he has been a Director of Wilson (Connolly) Holdings Limited, a listed Northampton based group engaged in the development of housing estates and commercial property.

Mr. V. A. E. Wood (aged 52) is senior partner of John D. Wood, Surveyors and Valuers, of 23, Berkeley Square, Mayfair, London W1.

### DIVIDENDS

The Directors expect to declare in each year dividends payable annually in mid April. Total annual dividends are expected to amount to between 85 per cent. and 95 per cent. of all the Company's income available for distribution in each year.

### AUDITORS AND ACCOUNTS

Peat, Marwick, Mitchell & Co. have accepted appointment as auditors of the Company. Annual accounts will be made up to 31st December. The Company's first period of account will end on 31st December, 1980.

### STATUTORY AND GENERAL INFORMATION

**1. Share Capital**

The Company was incorporated in England under the Companies Acts 1948 to 1976 as a private company limited by shares on 11th March, 1980 with an authorised share capital of £300,000 divided into 6,000,000 shares of 5p each, two of which were issued nil paid. At an Extraordinary General Meeting held on 20th March, 1980 resolutions were duly passed (i) increasing the authorised share capital of the Company to £350,000 by the creation of 1,000,000 Ordinary Shares of 5p each and (ii) converting the Company into a public company and adopting new Articles of Association.

**2. Accountants' Report**

1, Puddle Dock,
Blackfriars,
London EC4V 3PD.

20th March, 1980.

The Directors,
Trust of Property Shares Limited

Dear Sirs,

We report that Trust of Property Shares Limited was incorporated on 11th March, 1980 and has not yet commenced trading. No audited accounts have been prepared and no dividends have been declared or paid.

Yours faithfully,
Peat, Marwick, Mitchell & Co.,
Chartered Accountants.

**3. Articles of Association**

The Articles of Association of the Company contain *(inter alia)* provisions to the following effect:—

**Directors**

(i) A director shall not be required to hold any shares of the Company by way of qualification. A director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

(ii) The directors may repay to any director all such reasonable expenses as he may incur attending and returning from meetings of the directors or of any committee of the directors or General Meetings or otherwise in or about the business of the Company.

(iii) The directors may from time to time appoint one or more of their body to be the holder of any executive office on such terms and for such period as they may determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

(iv) The ordinary remuneration of the directors will from time to time be determined by an Ordinary Resolution of the Company. Any director who holds any executive office or who serves on any committee or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise as the directors may determine.

(v) A director may be a party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company) under the Company or any other company in which the Company is in any way interested, and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such company and be remunerated therefor and in such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

(vi) The statutory provisions concerning the retirement of directors on reaching a specified age or requiring any special formality in connection with the appointment of any director over a specified age do not apply to the Company.

(vii) Subject to certain exceptions a director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(viii) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each director separately and in such case each of the directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

**Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking and property (both present and future) including uncalled capital. The aggregate for the time being owing by the Group in respect of monies borrowed by it (exclusive of monies borrowed by any member of the Group from any other member) may not at any time, without the prior sanction of the Company in general meeting, exceed (i) a sum equal to twice the consolidated share capital and reserves (as described in the Articles) of the Group or (ii) until audited accounts of the Company for the period ending 31st December, 1980 have been published, £450,000.

**Votes of Members**

On a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

**4. Interests of Directors and Others in the Shares of the Company**

Immediately after completion of the placing and the subscription for shares referred to herein, the interests of the Directors and their families in the share capital of the Company, as will be shown in the Register maintained pursuant to the Companies Act 1967, will be as follows:—

| *Name of Director* | *Ordinary Shares of 5p* Beneficial | *Ordinary Shares of 5p* Non-Beneficial |
|---|---|---|
| E. N. Goodman | 2,200,000 | 1,100,000 |
| R. A. P. Bruce | 40,000 | — |
| S. Kon | 15,000 | — |
| A. Peters | 25,000 | — |
| V. A. E. Wood | 5,000 | — |

Save as aforesaid, the Directors are not aware of any person who will, immediately after completion of the placing and subscription for shares referred to herein, be beneficially interested in 5 per cent or more of the issued share capital of the Company.

**5. Material Contract**

By an Agreement dated 20th March, 1980 and made between the Company (1) the Directors (2) Mr. E. N. Goodman (3) Comet Investments Limited (a company under the control of Mr. Goodman and his family) (4) Evergood Investments Limited (a company owned by the Trustees of The E. N. Goodman 1962 Settlement) (5) and Quilter Hilton Goodison & Co. (6) (a) Quilter Hilton Goodison & Co. agreed to subscribe or procure subscribers for 2,700,000 Ordinary Shares of 5p each in the Company at 10p per share and (b) the parties of the third, fourth and fifth parts to the said Agreement agreed to take up an aggregate of 3,300,000 Ordinary Shares of 5p each in the Company (including the two nil paid shares already in issue) at 10p per share, subject only in both cases to all of such shares being admitted to the Official List of The Stock Exchange on or before 26th March, 1980. The Agreement provides for a fee of £4,000 to be paid by the Company to Quilter Hilton Goodison & Co. for agreeing to subscribe or procure subscriptions for the shares referred to in (a) above.

Save as aforesaid, no contracts (not being contracts in the ordinary course of business) have been entered into by the Company since its incorporation.

**6. General**

(i) Save as disclosed herein:—

(a) no share or loan capital of the Company has been issued for cash or for a consideration other than cash and no such capital of the Company is now proposed to be so issued;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital;

(ii) No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;

(iii) No material issue of shares (other than to shareholders *pro rata* to existing holdings) will be made within one year and no issue will be made which would effectively alter the control of the Company without in either case prior approval of the Company in general meeting;

(iv) The Company has no subsidiaries;

(v) The minimum amount which in the opinion of the Directors must be raised for the matters specified in paragraph 4 of Part 1 of the Fourth Schedule to the Companies Act 1948 is £500,000 made up as follows:—

(a) purchase price of property, nil;
(b) preliminary expenses and commissions, £4,250;
(c) repayment of moneys borrowed, nil;
(d) working capital, £495,750.

Of these amounts, the preliminary expenses and commissions and £325,750 of the working capital will be provided by the subscription for 3,300,000 shares referred to in paragraph 5 (b) above and the balance of £170,000 required in respect of working capital must be raised by the placing.

Funds available for investment are expected to amount to approximately £574,000 following completion of the placing and the subscription of shares referred to herein;

(vi) The Directors are of the opinion that on receipt of the minimum amount specified in paragraph (v) above, the Company will have sufficient working capital for its present requirements;

(vii) The costs, charges and expenses of and incidental to the issue of this Advertisement and of the application for listing, including printing and advertising costs, Stock Exchange, accountancy and legal fees, are estimated to amount to approximately £19,750 (inclusive of Value Added Tax) and are payable by the Company. In addition, capital duty at the rate of 1 per cent. will be payable on the total amount of the shares placed and subscribed for as mentioned herein (amounting to £6,000 in aggregate). Preliminary expenses are estimated to amount to £250 and are also payable by the Company;

(viii) No amount or benefit has been paid or given to any promoter of the Company and none is intended to be paid or given;

(ix) No Director has or is proposed to have a service contract with the Company;

(x) The Company is not engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against the Company;

(xi) No Director of the Company has or has had in the two years immediately preceding the publication of this document any interest in any assets acquired, disposed of or leased to or by, or proposed to be acquired, disposed of or leased to or by, the Company;

(xii) Save as disclosed herein, no Director of the Company is materially interested in any contract or arrangement subsisting at the date of this document and which is significant in relation to the business of the Company;

(xiii) Peat, Marwick, Mitchell & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their report set out above in the form and context in which it is included;

(xiv) It is estimated that the aggregate emoluments of the Directors for the period ending 31st December, 1980 will not exceed £3,000;

(xv) The documents attached to the copy of this document and delivered to the Registrar of Companies for registration were:—

(a) a copy of the Placing Letter and of the Form of Acceptance;
(b) a copy of the material contract referred to in paragraph 5 above;
(c) the report of Peat, Marwick, Mitchell & Co. and their written consent referred to above;

(xvi) Mr. S. Kon is a shareholder in Cavendish Registrars Limited which will receive a fee from the Company for its services as Registrars.

**7. Documents for Inspection**

Copies of the following documents will be available for inspection at the offices of Quilter Hilton Goodison & Co., Garrard House, 31/45 Gresham Street, London EC2V 7LH during normal business hours on any weekday (excluding Saturdays and public holidays) until 3rd April, 1980:—

(a) the Memorandum and Articles of Association of the Company;
(b) the report of Peat, Marwick, Mitchell & Co. and their written consent referred to above;
(c) the material contract referred to in paragraph 5 above.

Dated 20th March, 1980.

# INTL. COMPANIES & FINANCE

## ANI improves payout as sales rise by 11%

BY OUR FINANCIAL STAFF

AUSTRALIAN National Industries (ANI), the engineering, motor vehicles and investment group, raised its net profit for the seven months to January 31 to A$9.32m (U.S.$10.1m), from A$8.06m in the same period of the previous year. Sales increased by 11.8 per cent to A$260.8m (U.S.$283.4m), from A$233.3m.

The interim dividend has been raised to 5.4 cents a share from 5.1 cents.

The higher profits represent the 25th consecutive half-year's rise, and are attributed by the company to improved performances in most sectors of its business.

ANI forecasts that 1979-80 will produce the 13th successive year's profit growth, with records being set in pre-tax and post-tax profits, sales and dividends.

Mr. E. A. O'Halloran, the chairman, said that the Steelmark division's steel and aluminium merchandising business produced results significantly better than last year, through increased demand and a rationalisation programme.

The equipment merchandising sector, Ani Perkins, again produced its best-ever results, while returns from the investment division also improved.

Profits from Ani's overseas interests were also ahead of the year-ago figures.

The return from the metal forming divisions showed an advance on last year's [illegible] although the local market [illegible] patchy, there was good expor[illegible] demand, Mr. O'Halloran said.

Although results from AN[illegible] Sargeants heavy engineering business were below last year's peak, profits were at a le[illegible] described as satisfactory.

Profits from Capitol Motor[illegible] were slightly down from las[illegible] year, reflecting the competitive nature of the automotive market.

The seven-months' net profit was after tax of A$6.40m (against A$5.56m), depreciation of A$4.58m (A$2.86m), and interest of A$2.60m (A$2.51m) but before minorities [illegible] A$25,000 (unchanged).

## Goodyear India allays operations cut fears

BY P. C. MAHANTI IN CALCUTTA

GOODYEAR INDIA, which has contradicted Press reports that it might have to curtail its Indian operations because of adverse working conditions, has reported lower sales but a higher pre-tax profit for 1979, from the 1978 levels.

The company's sales fell by 3.8 per cent to Rs 600.23m ($73.7m) from Rs 625.3m in 1978, because of disturbed labour relations in the early half of 1979 and power shortages throughout the second half.

However, because of higher pre-tax profits and higher net income, the directors have raised the payout appreciably.

They also report that the first-quarter earnings of the current year have been better than those of the corresponding period of 1979, and that the outlook for the year as a whole is encouraging.

## Ovenstone stake for Premier

By Bernard Simon in Johannesbur[g]

PREMIER MILLING, the Sout[h] African food conglomerate con[-] trolled by Associated Britis[h] Foods, of the UK, has bought [a] minority stake in Ovenston[e] Investments, the main interest[s] of which are in fishing, propert[y] and construction.

The parties have not disclose[d] the number of shares that hav[e] changed hands, or the pric[e] paid. According to local report[s], however, Premier has bough[t] about 8m shares for som[e] R3.5m ($4.3m), giving it [a] 15 per cent holding.

Barclays Merchant Bank a[n]nounced yesterday th[at] Premier's shares, bough[t] through the market, will b[e] pooled with those of the Oven[-]stone family, which continue[s] to control the company throug[h] its 31 per cent holdin[g]. Premier's earnings will not b[e] materialy affected by the pur[-]chase.

Premier has appointed tw[o] executives to the Ovenston[e] board, but no changes in th[e] management are anticipated.

The main reason for the pur[-]chsae appears to be Premier' eagerness to acquire a secur[e] supply of fishmeal, which it use[s] in many products. Premier main interests are in whea[t], maize and sugar milling, an[d] in the manufacture of edibl[e] oils, fats and margarine.

## South Korean groups lift sales by 41%

SEOUL — South Korea's corporate sales rose by 41 per cent in 1979 from 1978, but net profits increased by only 12.6 per cent, the Korea Securities Exchange has reported.

The report, based on an analysis of year-end balance-sheets released by 257 of 321 listed companies, also said that annual dividends averaged 21.4 per cent last year, against the previous year's 22.1 per cent.

The decline in dividend payments was attributed largely to rising oil prices and other cost factors.

The nation's inflation rate was 18.3 per cent last year, in terms of urban area consumer prices.

The report listed last year's aggregate of sales by the 257 companies as equivalent to $23.2bn, with net profits at $736m.

AP-DJ

## Australian companies' capital record

CANBERRA—Stock Exchange listed companies in Australia raised a record A$884m (U.S.$961m) in new capital in the fourth quarter of 1979, up from A$497.2m in the third quarter and A$500.8m in the fourth quarter of 1978, the Statistics Bureau has reported.

The previous record capital raising was A$682.2m in the fourth quarter of 1976.

The manufacturing and mining sectors played a leading role in the strong expansion in the final quarter of 1979.

Manufacturing raised A$330.5m, compared with A$140.6m in the third quarter and A$146.5m in the fourth quarter of 1978. Mining companies raised A$170.6m, up from A$48.1m in the third quarter.

AP-DJ

## General Bank doubles net earnings

By L. Daniel in Tel Aviv

THE GENERAL Bank of Te[l] Aviv, the nearest Israel has ha[d] so far to a merchant bank, reports that its net prof[it] doubled in 1979 to reac[h] IsraelI£34.2m ($858,000).

Three quarters of the voting rights and about 60 per cent of the equity of the bank are held by Baron Edmond de Rothschil[d] through Isrdp, a company th[at] manages all the Baron['s] interests in Israel.

Its balance-sheet total increased at a similar rate t[o] IsraelI£6.2bn. The main act[i]vities of the bank are in secur[i]ties, foreign currency, financin[g] of documentary credits and [ ] gold.

It will pay an unchanged 2 per cent cash dividend an[d] distribute bonus shares at th[e] rate of 30 per cent (20 per ce[nt] in 1979).

## Advertiser raises profits

BY JAMES FORTH IN SYDNEY

ADVERTISER NEWSPAPER of Adelaide lifted net earnings by 9 per cent, from A$9.51m to A$10.39m (U.S.$11.4m) in the year to December, but only because of tax savings.

Pre-tax earnings actually dropped from A$15.4m to A$12.9m (U.S.$14.2m) in spite of a 10 per cent rise in turnover, to A$119m (U.S.$131m). The tax provision was more than halved, from A$5.87m to A$2.50m because of investment allowances on a big re-equipment programme.

The dividend has been maintained at 12.5 cents a share on capital raised last June by a one-for-three cash issue. It is covered by earnings of 24.7 cents a share compared with 30.7 cents in 1978.

The directors said that the printing division was the chief cause of the fall in pre-tax profit because of continuing difficulties in commissioning sophisticated machinery. Higher operating costs and the introduction of electronic setting systems also affected "the Advertiser" news paper.

DOLLAR ACCEPTANCES

## ASEAN makes a move

BY ANTHONY ROWLEY IN HONG KONG

THE FIVE-MEMBER Association of South-East Asian Nations (ASEAN) is considering adopting bankers' acceptances denominated in U.S. dollars as a means of financing growing trade in the region. The development is widely regarded as a breakthrough in ASEAN financial co-operation.

The idea is that these short-term credit instruments—trade financing bills accepted by certain banks—would circulate freely among the ASEAN countries in a way in which local currency bankers' acceptances fail to do, because of exchange control and banking law restrictions.

Such bills would provide traders with a cheaper means of finance than letters of credit, short-term supplier credits and bank overdrafts, it is felt, and would offer an investment opportunity for banks and other financial institutions in the region. However, it is not yet clear whether the acceptances would be available for financing trade from outside the region as well as intra-ASEAN trade.

The long-awaited breakthrough in achieving progress towards a regional market in those instruments came in Jakarta earlier this year at a meeting of the ASEAN Banking Council and at the separate ASEAN Banking Conference, attended by State-owned and commercial bank representatives from the region.

Mr. Rachmat Saleh, the Governor of Bank Indonesia, the Indonesian central bank, publicly supported the creation of a regional acceptance market and spelled out measures he was prepared to consider to facilitate it. Specific changes would be required to enhance the attraction of acceptances to importers.

One important factor is the buyer-of-last-resort facility, a role the central banks of importing countries would assume by making the ASEAN bills rediscountable at preferential rates.

> The five members of the South-East Asian Nations are considering the introduction of U.S. dollar acceptances, in a move widely regarded as a breakthrough in ASEAN financial co-operation.

so that banks holding the bills could realise cash if they so required.

Foreign exchange regulations covering conversion procedures on export earnings would have to be changed, as some ASEAN monetary authorities require proceeds of foreign exchange transactions (in this case, U.S. dollar ones) to be sold immediately to the central bank.

Mr. Saleh also expressed his readiness to consider exempting the U.S. dollar acceptances from the foreign borrowings ceilings to which all Indonesian foreign exchange banks are subject. The bills could be treated as bank reserve assets, thus mak[ing] the market in such bill[s] much more attractive to banks.

Furthermore, he supporte[d] the idea of acceptances bein[g] made rediscountable, emphasi[z]ing that Bank Indonesi[a] intended to provide such facility in the formative stage of the market, especially wit[h] respect to bills arising fro[m] trade between Indonesia an[d] other ASEAN countries.

The reason why the Indo[-]nesian attitude towards the ne[w] instruments is seen as cruci[al] to their success is that th[e] country's banks are mainl[y] State-owned and, therefor[e] often considered less flexibl[e] towards innovation than th[e] mainly private-bank-dominate[d] sectors of the other ASEA[N] countries—Malaysia, the Phili[p]pines, Singapore and Thailan[d].

Approval of the monetar[y] authorities in those four coun[-]tries is needed for the scheme but that, with necessary change[s] in banking regulations, is no[t] seen as a great stumbling bloc[k].

Foreign bankers, particularl[y] those in Singapore, where th[e] official monetary authority ha[s] for some time been studyin[g] ways of promoting a marke[t] in U.S. dollar-denominate[d] bankers' acceptances, welcome the Jakarta developments. The[y] predicted that if the ne[w] acceptances were available fo[r] financing outside trade, as we[ll] as intra-ASEAN trade, th[e] ASEAN market might becom[e] to the New York bankers' acceptance market what th[e] successful Asiadollar market i[s] to the Eurodollar market.


# "What the Experts Say"

"Comfort in the 505 starts with the seats . . . and continues with the ride, which is simply, up to the very high Peugeot standard." *Observer, November 1979*

505 STI Interior

"With the 505, Peugeot have achieved their aim to produce a car that has the excellent ride, good noise suppression and comfort of a limousine, but that has the sporty appeal of cars from a marque such as BMW." *What Car?, November 1979*

"Quite simply, the 505 is an excellent motorcar . . . . . . good at most things, excellent at some, and poor at none." *Motor, November 1979*

505 GR

The newly introduced 505 range includes six luxury saloons. You have the choice of 2 litre carburettor, fuel injection or 2.3 litre diesel power, all available with luxury "S" trim.

"The 505's main appeal is that it is a particularly well balanced all-rounder, notable for its quietness and comfort." *Daily Telegraph, November 1979*

"As always in a Peugeot, the ride quality is superb." *Financial Times, December 1979*

"It is, above all, a well-balanced car: quiet, well-sprung and pleasant to handle." *Sunday Telegraph, December 1979*

"Ride and handling of the 505 was impressive. Towcar of the Year 1980, the Peugeot 505 SR." *Caravan, December 1979*

"TI/STI with new Douvrin engine is the definitive 2.0 litre four-door saloon." *Car Magazine, December 1979*

505 GR Dashboard

Peugeot 505 TI wins German Golden Steering Wheel Award. This is the first time a non-German car has won this accolade, sponsored by the Springer Group, publisher of Europe's largest Sunday newspaper

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Companies and Markets

# CURRENCIES, MONEY and GOLD

## Dollar easier

The dollar lost ground in nervous trading in the foreign exchange market yesterday. It fell to DM 1.8655 from DM 1.8720 against the D-mark, to SwFr 1.7610 from SwFr 1.7710 against the Swiss franc, and to FFr 4.3460 from FFr 4.3690 in terms of the French franc. The dollar was unchanged at Y248.50 against the Japanese yen, but its trade-weighted index, as calculated by the Bank of England, fell to 88.9 from 89.1. Fluctuations in interest rates added to nervousness in the market, but there was no heavy intervention by European central banks. The D-mark moved within a narrow range of DM 1.8625-1.8700, the Swiss franc between SwFr 1.7565-1.7650, and the Japanese yen between Y248.10-248.60.

Sterling gained 50 points to finish at $2.1975-2.1985. It traded within a range of $2.1950 to $2.2065 but the lowest and highest points were touched in very early trading. On Bank of England figures, its trade-weighted index rose to 72.3 from 72.2, after standing at 72.4 at noon, and 72.6 in the morning.

D-MARK — Steady within European Monetary System, but weaker against dollar following expectations of continuing balance of payments deficit in Germany, and the effects of anti-inflation measures and higher interest rates in the U.S. —The D-mark showed mixed changes against its EMS partners, falling against the Irish punt, Dutch guilder, Belgian franc, and French franc at the Frankfurt fixing, but improving against the Danish krone and holding steady against the Italian lira. The dollar was fixed at DM 1.8667 compared with DM 1.8760, without any intervention by the Bundesbank. Sterling fell to DM 4.1010 from DM 4.1160.

DUTCH GUILDER—Very strong recently, near top of EMS—The guilder was also mixed against EMS currencies, but improved against the dollar, sterling and Swiss franc at the Amsterdam fixing. The D-mark fell to Fl 1.09625 from Fl 1.0972, and the Italian lira declined to Fl 23.52 from Fl 23.53. The French franc rose to Fl 47.02 from Fl 46.98, and the Belgian franc to Fl 6.7830 from Fl 6.7660. The dollar eased to Fl 2.0460 from Fl 2.0530 at the fixing, and sterling to Fl 4.4890 from Fl 4.5050.

DANISH KRONE — Remaining weak despite two devaluations since EMS began 12 months ago —The krone improved against the dollar and sterling, but declined against members of the EMS. The dollar fell to DKr 5.8360 from DKr 5.8610 at the Copenhagen fixing, and the pound to DKr 1,248.70 from DKr 1,285.40. The Irish punt rose to DKr 1,158 from DKr 1,157.50, the D-mark to DKr 3.1261 from DKr 3.1248, the French franc to DKr 1.3420 from DKr 1.3385, and the Dutch guilder to DKr 2.8530 from DKr 2.8470. The Italian lira also improved slightly, while outside the EMS the Swiss franc was firm, but the Japanese yen lost ground.

BELGIAN FRANC — Weakest of the EMS, requiring heavy support recently, but still resisting devaluation—The Belgian franc improved against other major currencies following the rise in the central bank discount rate. The dollar fell to BFr 30.175 from BFr 30.35, and sterling to BFr 66.29 from BFr 66.58. Within the EMS the D-mark declined to BFr 16.1675 from BFr 16.2095, and the French franc to BFr 6.93325 from BFr 6.9480.

### THE POUND SPOT AND FORWARD

| March 20 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.1950-2.2065 | 2.1975-2.1985 | 0.05c pm-0.05 dis | — | 0.25-0.35dis | −0.54 |
| Canada | 2.5850-2.5950 | 2.5900-2.5910 | 0.95-0.85c pm | 4.17 | 2.15-2.05 pm | 3.24 |
| Nethlnd. | 4.48-4.52 | 4.49¼-4.50¼ | 3½-2½c pm | 8.00 | 8½-7½ pm | 7.23 |
| Belgium | 66.10-66.60 | 66.15-66.25 | par-10c dis | −0.91 | 3.13 dis | −0.48 |
| Denmark | 12.79-12.84 | 12.91-12.82 | 2¼-4⅞ore dis | −3.80 | 9½-11½ dis | −3.22 |
| Ireland | 1.1040-1.1150 | 1.1045-1.1055 | 0.10-0.05p pm | 0.81 | 0.18-0.12 pm | 0.54 |
| W. Ger. | 4.09-4.12 | 4.09¾-4.10¾* | 3¾-2¾pf pm | 9.51 | 9½-8½ pm | 8.77 |
| Portugal | 109.60-110.60 | 109.75-110.00 | par-30c dis | −1.54 | par-95 dis | −1.73 |
| Spain | 152.30-153.15 | 152.35-152.45 | 50-105c dis | −6.10 | 190-270 dis | −6.04 |
| Italy | 1,910-1,920 | 1,910-1,911 | ½-2½ lire dis | −0.94 | 7¼-3¼ dis | −1.63 |
| Norway | 11.11-11.16¾ | 11.11¾-11.12¾ | 4¾-3¼ore pm | 4.31 | 10½-9 pm | 3.55 |
| France | 9.54½-9.61½ | 9.55-9.56 | 4-3c pm | 4.39 | 10-9 pm | 3.98 |
| Sweden | 9.50-9.65 | 9.60¾-9.61¾ | 4½-3¼ore pm | 4.68 | 11¾-10¾ pm | 3.69 |
| Japan | 542-550 | 545½-546½ | 2.10-1.65y pm | 4.72 | 5.15-4.65 pm | 3.53 |
| Austria | 29.32-29.52 | 29.35-29.40 | 23-16gro pm | 7.98 | 63-53 pm | 7.90 |
| Switz. | 3.86-3.89 | 3.86¾-3.87¾ | 4⅞-3⅞c pm | 13.56 | 11-10 pm | 10.94 |

Belgian rate is for convertible francs. Financial franc 68.80-68.90. Six-month forward dollar 0.37-0.47c dis. 12-month par-0.15c dis.

* Closing rate on March 19 for D-Mark should have been 4.10¾-4.11¾.

### THE DOLLAR SPOT AND FORWARD

| March 20 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.1950-2.2065 | 2.1975-2.1985 | 0.05c pm-0.05 dis | — | 0.25-0.35dis | −0.54 |
| Ireland† | 1.9830-1.9915 | 1.9895-1.9915 | 0.25-0.15c pm | 1.20 | 0.20-0.10 pm | 0.30 |
| Canada | 1.1769-1.1780 | 1.1777-1.1780 | 0.35-0.30c pm | 3.31 | 1.10-1.00 pm | 3.57 |
| Nethlnd. | 2.0427-2.0495 | 2.0440-2.0450 | 1.47-1.40c pm | 9.42 | 4.15-4.05 pm | 8.02 |
| Belgium | 30.11-30.19½ | 30.11-30.13 | 2-7c dis | −1.79 | 1-6 dis | −0.46 |
| Denmark | 5.8200-5.8330 | 5.8300-5.8315 | 1.80-2.30ore dis | −4.23 | 4.20-4.70dis | −3.06 |
| W. Ger. | 1.8625-1.8700 | 1.8650-1.8660 | 1.60-1.50pf pm | 9.97 | 4.45-4.35 pm | 9.43 |
| Portugal | 49.95-50.10 | 49.97-50.07 | 2-12c dis | −1.68 | 5 pm-35 dis | −1.20 |
| Spain | 69.32-69.53 | 69.32-69.37 | 35-55c dis | −7.79 | 90-115 dis | −5.91 |
| Italy | 869.00-871.65 | 869.00-869.40 | 0.5-1.0 lire dis | −1.03 | 2.50-3.25dis | −1.32 |
| Norway | 5.0590-5.0650 | 5.0590-5.0600 | 2.10-1.60ore pm | 4.38 | 5.45-4.95 pm | 4.10 |
| France | 4.3450-4.3555 | 4.3450-4.3475 | 1.60-1.45c pm | 4.21 | 4.75-4.50 pm | 4.25 |
| Sweden | 4.3712-4.3775 | 4.3715-4.3730 | 1.90-1.70ore pm | 4.94 | 5.90-5.70 pm | 5.30 |
| Japan | 248.10-248.60 | 248.45-248.55 | 0.80-0.75y pm | 3.98 | 2.55-2.40 pm | 3.96 |
| Austria | 13.34¾-13.37¼ | 13.35½-13.36½ | 9.40-8.40gro pm | 8.00 | 30.00-27.50pm | 8.61 |
| Switz. | 1.7565-1.7650 | 1.7605-1.7615 | 2.25-2.15c pm | 14.99 | 5.40-5.30 pm | 12.15 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### CURRENCY MOVEMENTS

| Mar. 20 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling | 72.3 | −33.2 |
| U.S. dollar | 88.9 | −4.8 |
| Canadian dollar | 81.4 | −17.2 |
| Austrian schilling | 153.6 | +23.4 |
| Belgian franc | 113.8 | +13.1 |
| Danish kroner | 105.8 | −4.8 |
| Deutsche mark | 153.6 | +44.1 |
| Swiss franc | 191.7 | +74.9 |
| Guilder | 185.1 | +16.5 |
| French franc | 99.9 | −6.4 |
| Lira | 53.5 | −50.5 |
| Yen | 116.3 | +15.2 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### CURRENCY RATES

| Mar. 19 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 17 | 0.578354 | 0.511671 |
| U.S. $ | 15 | 1.26833 | 1.54362 |
| Canadian $ | 14 | 1.49287 | 1.57847 |
| Austria Sch. | 5¾ | 17.0375 | 17.9952 |
| Belgian F. | 12 | 38.4938 | 40.7040 |
| Danish K. | 13 | 7.42924 | 7.92991 |
| D'Mark | 7 | 2.57959 | 2.61060 |
| Guilder | 9½ | 2.60388 | 2.75366 |
| French Fr. | 9½ | 5.53880 | 5.85783 |
| Lira | 15 | 1106.30 | 1171.03 |
| Yen | 9 | 315.914 | 333.810 |
| Norwgn. Kr. | 9 | 6.44248 | 6.79115 |
| Spanish Pts. | 8 | Unavail. | 93.4575 |
| Swedish Kr. | 10 | 5.55797 | 5.88153 |
| Swiss Fr. | 3 | 2.24838 | Unavail. |

### OTHER CURRENCIES

| Mar. 20 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 5793-3813 | 1728-1735 | Austria | 29.20-29.45 |
| Australia Dollar | 2.0185-2.0225 | 0.9190-0.9195 | Belgium | 68.45-68.95 |
| Brazil Cruzeiro | 109.12-103.19 | 46.60-46.80 | Denmark | 12.77-12.84 |
| Finland Markka | 9.55-8.57 | 5.8890-3.8910 | France | 9.50-9.56 |
| Greek Drachma | 87.952-90.033 | 40.00-40.20 | Germany | 4.10-4.13 |
| Hong Kong Dollar | 11.07-11.09 | 5.0410-5.0460 | Italy | 1880-1665 |
| Iran Rial | n/a | n/a | Japan | 546.651 |
| Kuwait Dinar(KD) | 0.603-0.613 | 0.2756-0.2757 | Netherlands | 4.50-4.52½ |
| Luxembourg Frc. | 66.10-66.60 | 30.11-30.13 | Norway | 11.09-11.16 |
| Malaysia Dollar | 4.8765-4.9075 | 2.2300-2.2320 | Portugal | 106½-110 |
| New Zealand Dlr. | 2.3000-2.3140 | 1.0510-1.0520 | Spain | 148¾-156 |
| Saudi Arab. Riyal | 7.31-7.41 | 3.3390-3.3420 | Sweden | 9.61-9.66 |
| Singapore Dollar | 4.8750-4.8850 | 2.2200-2.2220 | Switzerland | 3.86½-3.91½ |
| Sth. African Rand | 1.7770-1.7780 | 0.8085-0.8080 | United States | 2.1955-2.2035 |
| U.A.E. Dirham | 9.11-8.28 | 3.7350-3.7380 | Yugoslavia | 48-51 |

Rate given for Argentina is free rate.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU March 20 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.7897 | 40.5910 | +2.01 | +1.21 | ±1.53 |
| Danish Krone | 7.72336 | 7.84473 | +1.57 | +0.77 | ±1.64 |
| German D-Mark | 2.48208 | 2.51185 | +1.20 | +0.40 | ±1.125 |
| French Franc | 5.84700 | 5.85829 | +0.18 | −0.61 | ±1.3557 |
| Dutch Guilder | 2.74362 | 2.75205 | +0.31 | −0.49 | ±1.512 |
| Irish Punt | 0.668201 | 0.677835 | +1.44 | +0.64 | ±1.668 |
| Italian Lira | 1157.79 | 1170.71 | +1.12 | +0.83 | ±4.08 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.40-17.50 per cent; three-months 18.25-18.35 per cent; six months 17.10-17.20 per cent; one year 16.75-16.85 per cent.

| Mar. 20 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 17⅜-17½ | 15½-15¾ | 7-8 | 5¼-5⅝ | ⅞-1⅛ | 7½-7⅝ | 12¼-12½ | 12-14 | — | 10½-11 |
| 7 days' notice | 17¼-17⅝ | 16-16¼ | 7-8 | 6¾-7 | 1⅛-1⅜ | 7⅞-7⅞ | 12¾-13 | 15¼-16½ | 15¾-16 | 12⅝-12⅞ |
| Month | 18¼-18⅝ | 17¾-18 | 13½-13⅞ | 8⅜-8⅝ | 3½-3⅝ | 8¼-8⅜ | 13⅜-13⅝ | 18¼-19¼ | 17⅞-17⅞ | 13⅜-13⅝ |
| Three months | 18¼-18⅝ | 18⅝-18⅞ | 14⅞-15¼ | 10⅛-10⅜ | 6⅛-6⅜ | 8⅝-9⅛ | 14⅛-14⅜ | 16½-20 | 18½-18⅝ | 14⅛-14⅜ |
| Six months | 18½-18⅝ | 18⅛-18⅜ | 16¼-15⅝ | 11⅛-11⅜ | 6⅛-6⅜ | 9⅝-8¾ | 14⅛-14¾ | 20-21 | 18½-18⅝ | 14⅛-14⅜ |
| One year | 17⅝-17½ | 17⅛-17⅜ | 14¾-15⅛ | 12-12¼ | 6⅛-6⅜ | 8⅞-9⅛ | 14⅞-15⅛ | 21-22 | 17¼-17⅜ | 13-13¼ |

Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15¼-15½ per cent; four years 15¼-15½ per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

### EXCHANGE CROSS RATES

| Mar. 20 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.199 | 4.103 | 546.0 | 9.556 | 3.875 | 4.498 | 1911. | 2.591 | 66.20 |
| U.S. Dollar | 0.455 | 1. | 1.866 | 248.4 | 4.347 | 1.762 | 2.046 | 869.2 | 1.179 | 30.12 |
| Deutschemark | 0.244 | 0.536 | 1. | 133.1 | 2.329 | 0.944 | 1.096 | 465.7 | 0.631 | 16.15 |
| Japanese Yen 1,000 | 1.832 | 4.026 | 7.514 | 1000. | 17.50 | 7.098 | 8.237 | 3499. | 4.746 | 121.2 |
| French Franc 10 | 1.047 | 2.300 | 4.294 | 571.4 | 10. | 4.053 | 4.707 | 1999. | 2.711 | 69.29 |
| Swiss Franc | 0.258 | 0.568 | 1.056 | 141.0 | 2.467 | 1. | 1.161 | 493.4 | 0.668 | 17.09 |
| Dutch Guilder | 0.222 | 0.489 | 0.912 | 121.4 | 2.125 | 0.861 | 1. | 424.1 | 0.576 | 14.72 |
| Italian Lira, 1,000 | 0.523 | 1.150 | 2.147 | 285.8 | 5.001 | 2.027 | 2.354 | 1000. | 1.356 | 34.65 |
| Canadian Dollar | 0.386 | 0.849 | 1.584 | 210.8 | 3.688 | 1.495 | 1.736 | 737.5 | 1. | 25.55 |
| Belgian Franc 100 | 1.511 | 5.520 | 6.167 | 934.9 | 14.43 | 6.850 | 6.794 | 2886. | 3.913 | 100. |

INTERNATIONAL MONEY MARKET

## European rates firm

Interest rates in Europe continued to rise yesterday with the Austrian's increasing their bank rate to 6¾ per cent from 5¾ per cent and the Bank of France buying first category paper at 13 per cent against 12⅞ per cent previously.

The Austrian bank rate was last increased on January 23, when it rose to 5¾ per cent from 3¾ per cent. Yesterday's rise was seen as another step in the recent interest rate war, which has left major countries with little choice but to keep in line with the general upward trend.

The authorities also increased the Lombard rate from 5¾ per cent to 7¾ per cent and announced further rises in savings accounts, the latter with effect from April 1.

In Paris the Bank of France bought FFr 4.5bn of first category paper at 13 per cent compared with 12⅞ per cent at the last purchase on February 20. The paper is valid as from today, with a maturity date between March 26 and March 20. In the money market call money remained in good supply, being quoted unchanged from Wednesday at 12⅞ per cent, its lowest level for a month. Period rates were generally unchanged, although the three-month rate eased slightly to 14-14¼ per cent from 14⅛-14⅜ per cent.

In Frankfurt call money was quoted at 8.50-8.55 per cent against 8.45-8.50 per cent on Wednesday, with longer term rates showing a slightly firmer tendency where changed.

In Brussels deposit rates for the Belgian franc were easier yesterday following Wednesday's increase in the bank rate to a record 14 per cent. Period rates on Wednesday had ranged between 19 per cent and 20 per cent in the one- to six-month range, but yesterday one-month deposits were quoted at 17¼-17¾ per cent, three-month at 17¾-18 per cent, and six-month also at 17¾-18 per cent.

Wednesday's rise in the bank rate has disappeared to have achieved its primary function, that of relieving pressure on the Belgian franc within the European Monetary System, and yesterday the franc was positioned comfortably within its maximum permitted divergence.

GOLD

## Continued rise

Gold rose $33 to $550-556, after touching $561 at the London morning and afternoon fixings. The metal also opened at $550-556, following the rise in New York and Far East markets. Gold reacted to the heavy selling earlier this week and suggestions that South Africa may have withheld gold shipments to Europe.

In Paris the 12½-kilo gold bar was fixed at FFr 78,500 per kilo ($561.06 per ounce) in the afternoon, compared with FFr 78,500 ($559.51) in the morning, and FFr 73,500 ($524.33) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 33,460 per kilo ($555.62 per ounce), compared with DM 31,600 ($524.04) previously.

| | Mar. 20 | | Mar. 19 | |
|---|---|---|---|---|
| Gold Bullion (fine ounce) | | | | |
| Close | $550-556 | (£250-253) | $517-523 | (£236-239) |
| Opening | $550-556 | (£249½-252) | $505-511 | (£230-233) |
| Morning fixing | $561 | (£254.768) | $514 | (£234.276) |
| Afternoon fixing | $561 | (£254.948) | $527 | (£239.875) |
| Gold Coins | | | | |
| Krugerrand | $563-568 | (£256-256) | $535-540 | (£244-247) |
| Mapleleaf | $563-568 | (£256-259) | $530-540 | (£241-847) |
| New Sovereigns | $138-141 | (£62¾-64¼) | $133-136 | (£60½-61½) |
| King Sovs. | $154-157 | (£70-72) | $150-153 | (£68-70) |
| Victoria Sovs. | $154-157 | (£70-72) | $151-154 | (£69-71) |
| French 20s | $139-142 | | $136½-138½ | |
| 50 pesos Mexico | $673-680 | | $620-630 | |
| 100 Cor. Austria | $540-550 | | $505-516 | |
| $20 Eagles | $690-700 | | $670-680 | |
| $10 Eagles | — | | — | |
| $5 Eagles | — | | — | |

UK MONEY MARKET

## Heavy shortage

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave an exceptionally large amount of help. This comprised moderate purchases of Treasury bills from banks and discount houses and a small number of corporation bills, also both ways. The authorities also bought a moderate amount of eligible bank bills. Some of the corporation's bills and all the bank bills are for resale to the market, each at a fixed date. The help was made up with large loans to four or five houses at MLR for repayment today.

There were no appreciable factors in the market's favour, but on the other side, banks brought forward balances a small way below target, and there was a small net take up of Treasury bills to finance. Also revenue transfers to the Exchequer exceeded Government disbursements by a large amount. Discount houses were paying up to 17 per cent for secured call loans during the day, but late balances were taken as low as 13 per cent in places.

In the interbank market, overnight loans opened at 17-17½ per cent and rose on the forecast to 17¾-18 per cent before easing to 17¼-17½ per cent around lunchtime. During the afternoon rates fell as low as 15-15½ per cent but late demand pushed up the cost of late balances to 18-18½ per cent.

Rates in the table below are nominal in some cases.

### MONEY RATES

| | |
|---|---|
| **NEW YORK** | |
| Prime Rate | 18½-19 |
| Fed. Funds | 15½-15¾ |
| Treasury Bills (13-week) | 14.50 |
| Treasury Bills (26-week) | 14.75 |
| **GERMANY** | |
| Discount Rate | 7 |
| Overnight Rate | 8.525 |
| One month | 9.15 |
| Three months | 9.725 |
| Six months | 10.70 |
| **FRANCE** | |
| Discount Rate | 9.5 |
| Overnight Rate | 12.25 |
| One month | 13.5625 |
| Three months | 14.0625 |
| Six months | 14.1875 |
| **JAPAN** | |
| Discount Rate | 9 |
| Call (Unconditional) | 12 |
| Bills Discount (three-month) | 13.8125 |

### LONDON MONEY RATES

| Mar. 20 1980 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ◆ | Eligible Bank Bills ◆ | Fine Trade Bills ◆ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 16-18½ | — | — | — | 17½ | 13-17 | — | — | — |
| 2 days notice | — | — | 18-18⅛ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 17⅜-17½ | 18⅛-18¼ | — | 18¼ | 17¾-18 | 16⅝-16½ | — | — | — |
| One month | 17⅞-17⅝ | 17¾-17⅞ | 18¼ | 18⅞-18½ | 18¼ | 18-18¼ | 16⅝ | 15½ | 17⅞-18 | 18¼ |
| Two months | 17⅞-17⅝ | 17¾-17⅞ | — | 16⅛-18⅜ | 18⅝ | — | 16⅝ | 16⅛-16⅛ | 17⅞-17¾ | 18⅛ |
| Three months | 17⅞-17¾ | 17⅞-17⅞ | 18⅝-18¾ | 18¾-18¼ | 18⅛ | 18¼-18⅝ | 16⅛ | 16⅛ | 17⅝ | 17¾ |
| Six months | 17⅜-17¼ | 17½-17⅝ | 18¼-18⅝ | 18-17⅞ | 18 | 18½ | — | — | 16⅞ | 16⅞ |
| Nine months | 16⅞-16⅝ | 16⅞-17⅛ | — | 17¾-17⅝ | 17¾ | — | — | — | — | — |
| One Year | 16⅝-16½ | 16¾-16⅞ | 17¾-18⅛ | 17⅝-17 | 17½ | 18 | — | — | — | — |
| Two years | — | — | 16⅞-17⅜ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice; others seven days fixed. *Long-term local authority mortgage rate nominally three years 19-16⅛ per cent; four years 16-16⅛ per cent; five years 15⅞-16⅛ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17⅝-17⅞ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15⅞-15⅞ per cent; two-months 15⅞-16 per cent; three-months 16⅛-16 7-64ths per cent. Approximate selling rates for one-month bank bills 17½-17⅝ per cent; two-months 17½ per cent; three-months 17¾-17⅞ per cent; one-month trade bills 19 per cent; two-months 17⅞ per cent; and three-months 17½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1979. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1132 per cent.

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# FINANCIAL TIMES SURVEY

Friday March 21 1980

# Trailers

In spite of disruptions in the haulage industry caused by industrial disputes, both internal and external, 1979 proved to be a good year for the trailer makers. The industry agrees, however, that sales in 1980 will show a fall. The question is by how much

CONTENTS

# Sales rise buoyantly in a tricky year

AGAINST ALL the odds, 1979 was a good year for the UK trailer makers. The concensus of opinion is that about 17,500 trailers were sold last year, up from about 15,000 in 1978.

This was in spite of the haulage dispute at the beginning of the year and the big pay rise for drivers that the haulage industry had to absorb after it ended. Towards the end of the year the engineering dispute also affected some trailer plants although the trouble was patchy.

The haulage industry continued to buy trailers, however. Part of the reason must have been that the transport companies needed to catch up with their trailer purchases after two lean years.

The buoyancy in the trailer market was mirrored by truck sales in 1979. The truck makers had begun the year expecting a decline in registrations. Instead, sales of trucks over 3.5 tons rose 13.4 per cent on the 1978 level to 79,856, according to the Society of Motor Manufacturers' and Traders' statistics.

High demand for trucks is not necessarily reflected in the trailer market. In 1978 trailer sales faded badly from the summer onwards but heavy truck registrations continued inexorably upward.

There is evidence that trailer sales owe much more to activity in the movement of goods than to the increase in truck registrations. Gone are the days when a haulier would order a complete new rig, both tractor and trailer, for delivery at the same time, both finished in matching paintwork. Trailers outlive trucks so it is now common to hitch a not-so-new trailer to a brand new tractor unit.

Another reason that trailer sales do not match the highest peaks in the truck business is that there are plenty of importers willing to fill the gap if demand becomes too great for the UK truck manufacturers to meet—something which happened both in 1978 and last year.

That is not the case with trailers. The present differences between the various national regulations for trailers in the European Community countries preserve the division of the EEC "market" into a number of national markets. There is relatively little cross-frontier trade in trailers as a result.

Some executives in the trailer industry, among them Mr. Henry Booker, managing director of Craven Tasker, suggest that though the industrial disputes might have been painful, far worse for the industry in 1979 was the impact of very high interest rates.

So many of Britain's hauliers own small companies operating with a small capital base and mainly with borrowed money.

They had to find the extra interest charges at a time of galloping inflation. The Road Haulage Association's cost index showed a 22.5 per cent rise in 1979.

Between January 1 and December 31 the RHA's price movement survey recorded the following increases: labour costs, up 9 per cent; DERV, up 7 per cent; tyres, up 0.8 per cent; repairs and maintainance, up 1 per cent; vehicle replacement, up 2 per cent, and various other costs including facilities, insurance, finance and so on, up 2.7 per cent.

The message from the RHA to its haulier members was simple: You must increase your charges to cover the increased costs.

In the words of one trailer executive: "Too many companies today do not have the financial liquidity to pay for what they want."

## Laid off

The salt in the hauliers' wounds has been the steel strike. Much steel is distributed by road and haulage companies in the affected areas have suffered severely.

In the South Yorkshire area, for example, 4,000 drivers have been laid off because of the steel dispute and the RHA estimates that operators there have been losing about £300,000 a week during the dispute. "And they do not have any fat on their backs after the drivers' strike last year," commented an RHA spokesman.

In all the circumstances, it is not particularly surprising that the trailer manufacturers experienced a downturn in orders in November and December last year which continued into January.

The industry's forecasters are not very consistent in their views about what 1980 as a whole holds in store. They all agree that sales will drop. But their estimates range from a 10 per cent slip to a steep, 20 per cent slump.

Crane Freuhauf, which as the UK's biggest trailer maker should know the market intimately, estimates that trailer sales this year could be down from 17,500 to between 12,000 and 13,000. The prospects, therefore, are for yet another price war—or if not a war perhaps a skirmish.

The major companies, of course, use more subtle methods than outright price-cutting. They offer more competitive financing deals (lower-than-average interest rates must be an attraction) and financial "packages." Those companies with their own leasing facilities might well enjoy something of a leasing boom as the cash gets squeezed out of customer companies.

But in spite of all their financial muscle, the major manufacturers simply have to face the fact that there just is not enough technology in a trailer to encourage customers to pay higher prices for better trailers.

On the brighter side, though, when deliveries of new trailers go down, the service and spare parts business owned by the trailer makers often do well.

In any case, trailer manufacturing seems on the face of it to be a pretty marginal business. Service and spare parts is where the money is made.

There were some green-with-envy faces in the industry in January this year when the Dana Corporation bought the Intertruck companies for over £3m. Intertruck has never made trailers—just parts. And its main strength was distribution to the aftermarket.

Although the trailer industry is one where high technology does not feature, new products have been developed over recent years. The use of glass-fibre reinforced plastic (GRP) in trailer manufacture has increased over the past few years and provides a case in point.

GRP provides large, smooth, easily-cleaned panels which makes them attractive to some customer industries such as the food distribution business. The GRP panels do not damage so easily and give a semi-insulating effect.

Another change over recent years is the type of trailer demanded in the UK. In 1970 about 60 per cent of the trailers on Britain's roads were of the flat platform type. By 1980 this had dropped to only 15 to 16 per cent, used only for the transport of dry freight.

Van trailers have become the most popular, now accounting for 20 per cent of total sales.

The rest of the market is roughly 12 to 15 per cent curtain-sided trailers and 5 to 6 per cent TIR trailers.

One question which the trailer industry must often ask of itself is whether it is a good idea to have some suppliers with a semi-monopoly.

## Storage problems

The classic case is Rubery Owen-Rockwell which dominates the supply of trailer axles. That the company offers good products is not in doubt. But another factor in Rubery Owen-Rockwell's favour is that hauliers do not want the added cost and storage problems associated with stocking stores for axles from two manufacturers.

In times of booming business, this too often makes the trailer business manufacturer the ham in the sandwich—between a customer who insists on having Rubery Owen-Rockwell axles on his trailer (and, just as likely, Michelin tyres) and suppliers who have difficulty meeting demand.

The trailer industry itself has proved that it can cope with extreme variations in demand.

In 1973 the industry received orders for 28,000 trailers and made about 20,000; in 1974 about 13,000 were ordered and 10,000 delivered; in 1975 about 7,800 were made and sold; in 1976 the total was 9,500 made and sold; in 1977 about 13,500; up to 15,000 in 1978 and 17,500 last year.

Mr. Jeff Harrison, managing director of Trailer's UK company, reckons that the underlying rate of demand in Britain is for 16,500 trailers a year and that this is where sales will remain until something comes along to boost or depress them.

In the past demand has been given a helping hand on several occasions by legislation. First the increase in allowable trailer length from 26 ft to 33 ft outdated much of the haulage industry's stock of trailers. This was followed by an increase from 33 ft to 40 ft and the process was repeated.

Similarly, the increase in allowable gross vehicle weight from 24 tons to 32 tons pushed up trailer demand. But a further move seems some way off.

The Government, ever wary of the political problems which might be associated with giving the go-ahead for heavier truck weights, has set up yet another inquiry. This time Sir Arthur Armitage, Vice-chancellor and Professor of Common Law at Manchester University, heads an inquiry "to consider the causes and consequences of the growth in the movement of freight by road and, in particular, of the impact of the lorry on people and their environment; and to report on how best to ensure that future developments serve the public interest."

The inquiry team is not due to report before this autumn and there is no guarantee that the Government will act immediately on its findings. But the inquiry should pave the way, at long last, to the UK playing a leading role in getting the Common Market harmonisation process out of the mud and on the road again.

**Kenneth Gooding**

**EUROPEAN TRAILER MARKET 1979***

Total number of trailers produced: 58,755

Percentage of market per manufacturer: %

| | |
|---|---|
| Fruehauf Group | 20.1 |
| Trailor | 9.3 |
| Kaiser | 1.8 |
| Kassehohrer | 5.9 |
| Kogel | 2.1 |
| Blumhardt | 2.7 |
| Daf | 1.3 |
| Van-Hool | 1.2 |
| Lecinena (Italy) | 2.0 |
| Schwarz-Muller | 1.1 |
| York | 6.7 |
| Craven Taskers | 5.0 |
| Pacton | 0.5 |
| Lag | 0.9 |
| Mol | 1.1 |
| Miscellaneous | 38.5 |

Total number of trailers manufactured per country:

| | |
|---|---|
| France | 14,173 |
| Germany | 17,100 |
| GB | 14,500 |
| Holland | 4,500 |
| Spain | 3,600 |
| Austria | 2,282 |
| Belgium / Luxembourg | 2,000 |

No figures available for Italy

* Trailor estimates.

# Industry changes to match market

TRAILER COMPANIES with a stock market quotation of their own are few and far between. Most are owned by larger organisations within the engineering industry or are small, privately-controlled companies. So the near-disappearance during the past few months of one of Britain's few remaining quoted trailer companies deserves more than a passing mention, particularly as the company concerned, R. A. Dyson and Company, was founded as long ago as 1840.

Dyson has been designing and constructing trailers to carry loads ranging from five cwts to 150 tons for many years. It went public on the Liverpool Stock Exchange in 1952—the company's headquarters is in Liverpool.

The heavier types of Dyson trailer have been used in most parts of the world, carrying transformers, mining equipment, locomotives and so on. Dyson's regular customers have included the leading oil companies, ICI, the BBC, and United Africa Company.

A large part of the company's output has been exported for many years and it was this heavy reliance on overseas markets which brought about a financial collapse—almost a case of "export and die."

The virtual closure of many traditional British export markets over the past year or so, including West Africa in particular, Nigeria, Iran, Turkey, and Iraq hit Dyson hard because they came so close together. The company had little time to build up compensating business in its home market.

It was pushed over the edge by the engineering dispute which also adversely affected cash flow last autumn and left the company looking for a financial rescue operation after its bankers refused an increase in credit.

The Dyson Board talked to several potential purchasers b[ut] it was the Ryland Vehicle Group which finally showed enough interest to make nominal offers which the Dyson directors quickly recommended.

Ryland is a private company in the business of distributing and hiring vehicles, road transport, storage, plant hire and public works contracting.

Ryland believes that Dyson will provide a natural extension to its activities. And, perhaps most important, Ryland believes that its extensive distribution system in the UK should provide the basis for an improvement in Dyson's sales and therefore compensate for the loss of export orders which was the principal cause of Dyson's poor trading performance over the past 20 months.

Another deal which has slightly changed the face of the industry this past few months—and might also have major implications for the future—highlights the fact that while there is not much money to be made from manufacturing trailers, supplying service and spare parts can be lucrative.

The deal in question involved the Intertruck group which makes some trailer parts for the original equipment market—but no complete trailers—and distributes a wide range of truck and trailer parts to the aftermarket.

## Determined efforts

In the year to the end of April 1979 Intertruck made a taxable profit of £390,000 on sales of £8.21m. Compare that with York Trailer's results for 1977 (chosen because it was a reasonably good year) when that group made a pre-tax £2.74m on a £36m turnover.

Intertruck has been bought by the Dana Corporation, one of the largest suppliers of automotive components in the U.S. and a group which has been making determined efforts to build up its activities in Europe.

Dana sees the Intertruck activities as complementing its worldwide vehicle product lines and marketing structure and it is paying £3.284m for Intertruck in cash and shares. That is quite a premium on Intertruck's net assets, worth £2.35m in April, 1979.

Of course, the influence of the North Americans on the UK and European trailer industries is already considerable.

The Fruehauf Corporation has an estimated 20 per cent of the European market and nearly half of UK trailer sales. Fruehauf history in Europe is typical of many U.S. capital equipment manufacturing groups. It started by allowing European companies to use its technology by way of licensing deals and followed through by cementing the arrangement with a shareholding in most cases.

It has recently started to bring its European affiliates closer together and is treating Europe as a single market in much the same way as it is able to treat the various States in the U.S.

The aim is to integrate design, manufacturing, parts-buying and marketing into one co-ordinated effort.

As harmonisation of requirements among the EEC countries gradually takes effect, there should be more and more opportunities for joint buying of components and for standardisation of the trailers built in various parts of the Common Market.

But to control such a policy adequately, Fruehauf needed to tighten its grip on its European associates. It took over—after a fight—Crane Fruehauf in the UK, then Netam in Holland. For some years it already had control of its French offshoot and of Ackermann-Fruehauf of West Germany.

Pullman Corporation, the U.S. transport equipment (Trailmobile) engineering and construction group, also has a major share of the total European trailer market, but at around 9.3 per cent it is well behind Fruehauf. Pullman operates through Trailor in France where it has what it claims is Europe's biggest single trailer factory with an output of 1,000 a month, a level not achieved by any of the individual Fruehauf businesses.

The background to Trailor operations in the UK is outlined elsewhere in this survey. However, the UK expansion shows that Trailor, like Fruehauf, might well set up manufacturing as well as marketing and service operations in the larger individual European markets.

**Kenneth Gooding**



# New designs aid flexibility

DRIVE ALONG any motorway these days and the principal change in the trailer industry during the past few years is plain to see. The platform trailer with its lumpy load hidden under a lashed but sometimes flapping tarpaulin is increasingly a rarity. In its place is the glass-reinforced plastic or aluminium van trailer.

Whether full van trailers, curtain-siders or side-loaders with sliding doors, they provide better security for loads and from pilferers, maximise volumes that can be carried of goods where bulk is a more important consideration than weight, and can be loaded easily and quickly, thus drastically reducing turnround—a factor of major importance now in terms of drivers' wages and restrictions on working hours. While environmentalists might raise querulous eyebrows, such trailers also provide hard-to-ignore mobile advertising billboards. And, particularly when involved in the carriage of foodstuffs, they are remarkably easy to maintain and keep clean.

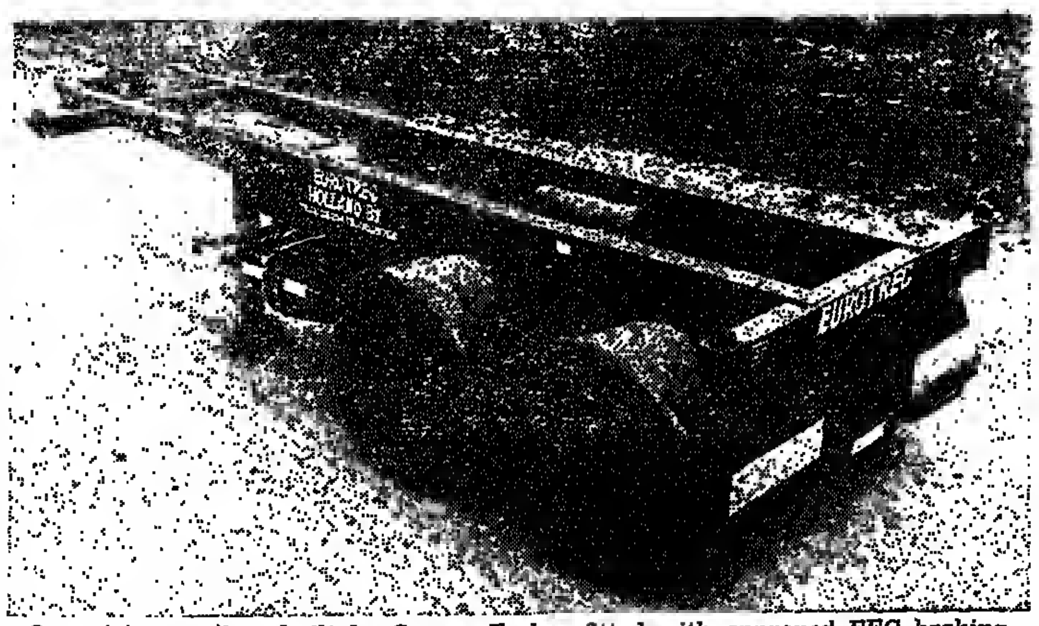
The various forms of chassisless van-type trailers now account for nearly a half of total UK trailer sales and a similar pattern is showing up in mainland Europe.

Trailer-making does not really offer scope for high technology in the same sense as for the motor industry in its search for greater fuel efficiency. But new materials and new construction methods entailing greater flexibility in meeting customers' specific needs—refrigerated vans, or "reefers," are a case in point—are producing a greater sophistication in the industry. At the same time there is a continuing search for aerodynamic and weight-saving improvements to complement tractor makers' own fuel-saving activities, while with European harmonisation regulations just below, if not yet on, the horizon, there is an increasing concentration on ways of making trailers safer.

There is a continuing debate over materials: some industry quarters feel that the light weight of aluminium in the end will lead to it predominating in the superstructures of trailers despite GRP's extra toughness, particularly now that the relative costs of the two materials have moved closer together.

What is now clear, however, is that the hoped for weight-saving bonus provided by aluminium chassis and base frames has not worked out. "Two years ago there was a fair amount of optimism over the aluminium chassis," says Keith Buckby, York's chief designer. "But there are fatigue problems, and if they get damaged, they have got to have specialist repairs and we've got to bear in mind that these things inevitably get neglected. "Thus for most makers, except in more specialisted applications such as tippers, the steel base frame remains.

Costs have become increasingly critical to hauliers, to the extent that some are reluctant to spend in other areas such as safety where, apart from the potential saving of life and prevention of injuries, there exists the potential to improve the industry's public image.



*One of two trailers built by Craven Tasker fitted with approved EEC braking systems. The trailers were designed to conform with Dutch and Belgian requirements*

## Spray problem

Spray, a notorious problem with heavy lorries at higher speeds, provides one example. Graham Thompson, Crane Frauehauf's design director, says that systems exist to reduce spray, though not eliminate it, but it's very difficult to sell a spray system for £330-£400 per trailer to an operator facing a costs squeeze." Scammell also produces a rear under-run bumper, called the "Cushion Stop," which pivots on hydraulic units and springs. While reducing the severity of an accident, it also greatly diminishes the prospect of repair downtime.

Again, though, the problem remains that where operators are not actually obliged to fit such equipment, the chances are that they won't. It is an area where the trailor majors are in consensus that such items should be fitted, and that legislation should take the mout of the "optional extra' category.

In the view of Craven Tasker, the UK's third largest maker, the fastest growing trailer category of all is the curtain-sider. Side-loading allows particular versatility, while the trailers' thin but extremely strong curtains, reinforced by their securing straps, maximises the volume that can be carried. The straps, and rollers at each end to toughen the curtains lengthways, allow high bulk, low weight goods can be carried in considerable security. The next likely step is for a single action bottom securing device, to save drivers even the time involved in doing up individual buckles.

Boalloy, now part of Craven Tasker, won a Design Council award four years ago for its curtain-sider, the Tautliner. And this year Craven picked up another with its "Taskold" reefer, a total of 1,200 of which have been ordered or are in use by the Danish Bacon Company.

The sliding side-door trailer has shown itself to be particularly useful in urban operations, for the carriage of items such as dairy products and white goods, and with the introduction of built-in double decks and compartments and other bespoke items to individual customers' specifications, trailers such as York's Freightmaster are becoming more of a freight handling system than simply a trailer.

One of the concerns increasingly occupying makers is the expected introduction of a maximum height limit for Europe—a 4 metre maximum is already fairly widespread on the Continent. This threatens to create carrying capacity problems. Tractor fifth wheel couplings increasingly have edged closer to the maximum British Standard height, putting pressure on trailer makers to find ways of slimming down the connecting necks on their own products.

The problem is not too severe for operators carrying 8 ft high containers, but the growing numbers of 8 ft 6 in containers does suggest that trailer and tractor makers are going to have to work closer together on compromises. Trailer-makers have already had success at narrowing necks; from 10 ft down to, in some cases 4 in; but this has only been achieved at a penalty of adding weight for bracing. While low profile tyres and constant level air suspension can mitigate the problem, some of the solutions at least must come from the tractor makers.

Certainly there appears to be room for better trailer-tractor manufacturing liaison. There is by no means as much compatibility between units as there could be, and York's Mr. Buckby goes so far as to suggest that the current situation "is something of a nightmare for hauliers." He suggests that if there is a minor relaxation of length restrictions—"it's going to be a fight between trailer and tractor as to who gets the extra."

Trailer makers would like to see standardised dimensions for trailer and tractor wheelbases and in such areas as coupler-to-rear of cab dimensions (the introduction of longer, "sleeper" cabs has increased difficulties here) so that a trailer could be coupled to any make of tractor unit. At the moment, he suggests, "it's always the trailer that's wrong."

Such dimensional problems are not confined to compatibility—they also feature in the aerodynamic equations offering higher weights apart, probably the biggest potential for fuel saving. Minimising the tractor-trailer gap can play an important part in reducing air drag, and trailer makers concede that there is still a considerable amount of work to be done in other aerodynamic areas.

Radiused front edges have helped, but research is also going into ways in which the undersides of trailers can be "cleaned up" to match aerodynamic advances in tractor designs. The ultimate result could have similarities to the "ground effect" designs of grand prix racing cars. Aerodynamics are complex, however, and one device which visually appears to be a low-cost improvement, the bolt-on aerofoil, is not problem-free. Their efficacy varies enormously depending in angle installed and type of tractor-trailer unit and in some cases can actually be counter-productive.

In the absence of that, one "integrated concept vehicle" currently being tested in West Germany perhaps provides a pointer for the direction in which the industry might go: Ackermann and Daimler Benz late last year unveiled the GLZ, a 38-tonne unit with minimal distance between the trailer and a tractor which, with the sleeper unit built above the "working" cab, presents a streamlined frontal area.

A reduction in the air drag over conventional tractor-trailer units of 10 per cent is claimed, but Crane Fruehauf believes the saving is considerably more than that. Apart from cutting drag, "two-storey" cabs could become increasingly important as a way of offering greater trailer cubic capacity.

One accelerating development in trailers, however, could render such considerations if not academic, then rather peripheral by rail, their movement with tractors to take them on just the last leg of their journey by road. Mr. Jeff Harrison, managing director of Trailor (UK) believes that there is a bright future for "kangaroo" trailers, especially designed to be manoeuvered onto low rail wagons which are themselves purpose-built to accommodate trailers at minimal height.

**John Griffiths**

## TRAILERS III

# Makers optimistic about export prospects

THE WEAKNESS in the recent export performance of Britain's trailer manufacturers appears to be levelling out, and there is optimism that the industry can look forward to a brighter picture in terms of overseas sales both this year and in thet years ahead.

However, this optimism cannot be termed as unbridled yet, for there were enough problems within the industry during the year: the truck drivers' strike, the engineering dispute and the rising value of the pound—to inject a sobering element of caution in prognosticators' forecasts.

Of tbe 24 industrial trailer manufacturers listed in the UK by the Society of Motor Manufacturers, the industry leaders continue to be Crane Freuhauf, part of tbe U.S.-freighting conglomerate: York Trailers. part of York Transport Equipment, and Craven Taskers, tbe trailer mannfactnring division of John Brown Engineering.

Most indicative of the industry's new optimism is Crane Freuhauf, which has undergone a major internal reorganisation within its UK division following its takeover hy Freuhauf of the U.S. two years ago. One element of this shake-up saw Crane Freuhauf dissolve its Overseas Sales Division and set up an export section aimed at sharpening the company's presence in tbe international marketplace.

### Sales teams

Mr. Barry Fiske, the export director, said the compnay was now making better use of the U.S. parent's distribution network on the Continent. It was also improving its ties with sales agents in Europe. responding to the traditional European custom of preferring to deal with locally-based contacts rather than sales teams pitchforked in from overseas on sales missions.

It has picked up spares and parts replacement business among Middle East clients—something of a rarity in the trailer business.

In addition. Crane Freuhauf has concluded a wide range of recent deals, not only in its strong Middle East market, but in Holland and France and in Sweden and Denmark, where it has concluded sales for refrigerated and TIR units.

In all, this means that the company is enjoying lively sales overseas. Its exports turnover rose 50 per cent last year over the previous year, and although Mr. Fiske was not able to say how thia was contributing to the company's overall financial success, Crane Fruebauf appears to be well on its way to reaching a £10m foreign sales target for 1981 for all types of industrial trailers.

**BRITAIN'S TRAILER EXPORTS**

| | 1978 Quantity (metric tonnes) | 1978 Value | 1979 Quantity (metric tonnes) | 1979 Value |
|---|---|---|---|---|
| **Trailers and transport containers** | | | | |
| EEC | 64,763 | £70.6m | 64,735 | £74.7m |
| Total | 104,053 | £124.9m | 97,521 | £117.2m |
| **Trailers and semi-trailers for transporting goods** | | | | |
| EEC | 10,760 | £13.7m | 9,314 | £10.5m |
| Netherlands | 2,612 | £4.7m | 1,049 | £1m |
| Ireland | 4,032 | £3.6m | 4,876 | £4.1m |
| Denmark | 1,783 | £2.7m | 1,729 | £2.7m |
| Nigeria | 2,256 | £3.4m | 289 | £850 |
| Saudi Arabia | 2,614 | £3.4m | 2,045 | £2.4m |
| Other countries | 10,746 | £13.8m | 8,446 | £13.1m |

Source: Department of Trade.

According to Department of Trade statistics, exports of all trailers and transport containers in 1979 totalled 97,500 metric tonnes, valued at £117.2m of which EEC clients imported some 64,700 tonnes valued at £74.7m. This was a fractional decline from overall sales of 104,053 tonoes at £124.9m and EEC sales of 64,763 tonnes at £70.6m for 1978.

The exports of trailers and semi-trailers for transporting goods reached 18,434 tonnes last year and a value of £25.1m, with the EEC taking 9,314 tonnes worth £10.5m. In 1978, these totals were 25,064 tonnes worth £33.2m, with the EEC's share at 10,760 tonnes and £13.7m.

Crane Freuhauf's outlook, however, is counter-balanced by that of York Trailers, which was especially hard-hit by the lorry drivers' strike last winter and the autumn engineering strike. The company had been showing an improvement over its 1978 results until the drivers' dispute bit, and by autumn, at the height of the engineering dispute, it was forced to confess that industrial problems "have destroyed the growth for the third quarter and, with it, our expectation of a reasonably good year in 1979."

Yet, in spite of the problems caused by late deliveries and the inability of customers to collect equipment. York said it was confident it would rebound in 1980.

Industry officials readily admit that the high value of the pound has hurt their competitive position in international competition. They concede, that it is difficult to quantify the problem in the light of Britain's more pressing industrial difficulties last year.

Nevertheless, they point out that Britain is in a strong competitive poistion internationally, not only because of its traditional strength in far-flung emerging countries, but because of its reputation for building lighter and more well-assembled trailers.

Standardisation remains something of a problem, however, in some markets, such as the Continent, wbere what is permissible for roads in Holland may not be suitable for roads in France.

But the trailer-cab conpling problems that were widespread a few years ago have long since been overcome thanks to the leadership of Volvo and Scanla of Sweden, whicb were at that time the leaders in truck design, and who set the pattern for other truck makers in the UK, Europe and the U.S., with follow-on co-ordination by the trailer manufacturing industry.

### Accessories

York Trailers also points out that uniformlty of standards, sucb as between the UK and Europe on gross commercial vehicle weights, is finally coming into being on the basis of what the company bas called the "utter logic . . . of fuel conservation and cost effectiveness for the nation's transport.

As trade department figures indicate, Europe remains the primary marketplace, with the Ireland, Denmark and The Netherlands being by far the largest markets for UK-manufactured trailers and accessories. While both Holland and Denmark are among the smallest countries on the Continent, the UK market penetration reflects the importance of their transport industry in the movement of goods in Europe.

Last year, Britain sold 4,876 tonnes of trailer and semi-trailer equipment to Ireland for £4.01m, another 1,729 tonnes at £2.7m to Denmark and 1,049 tonnes at £1.1m to The Netherlands. The Ireland market was up sharply, but the Danish and Dutch markets showed declines from 1978.

Crane Freuhauf bas enjoyed a spurt of sales in Scandinavia, and Craven Tasker bas just announced the sale of £1m for the supply of refrigerated trailers designed for operation in Scandinavia and the UK to Ess-Food of Denmark.

In spite of the collapse of the Iranian market and the consolidation of some Middla East ones, Crane Freuhauf is optimistic of a recovery in the region, and is particularly encouraged by the emergence of Iraq, where the company predicta about a three-year run of good bnsiness.

Iraq's potential was emphasised by a series of ministerial level missions to that country in recent months by businessmen. The company also maintains its strength in tha United Arab Emirates and Kuwait.

The Saudi market has shown some alippage, with UK exports of trailers and semi-trailers declining fractionally from 2,614 tonnes at £3.4m to 2,045 tonnes, also valued at £3.4m—the constant valne being attributable to inflation rather than strength of unit sales, but the company sees its own performance in the region as improving.

As for new markets in emerging countries, Craven Tasker is enthusiastic about recent sales to Pakistan, Sri Lanka and Burma, and last year it delivered a 150-tonne trailer, one of the largest it has built, to North Vietnam. But it also bas sold to Poland and feels that there is mucb to be gained for the industry through closer ties with the Comecon bloc of conntries.

The cbief African purcbaser of industrial trailers has been Nigeria, but sales reached only 289 tonnes valued at £840,000 last year, compared with 2,256 tonnes valued at £3.4m the year before. This declina was largely the result of the severe economic retrenchment by the Nigerian Government last year.

**Frank Gray**


*British Road Services is renting as part of its approach to providing a comprehensive distribution service*

# Steady growth in leasing

RENTING AND leasing trailers, although a relatively recent trend in the UK, is experiencing a steady growth. This growth has been attributed to a multitude of causes, not least that in the present time of economic uncertainty haulage companies are loath, or unable, to invest large sums of their own eapital in new equipment.

By renting a trailer, a baulier can take on extra equipment during peak working periods as well as to try out different makes of trailers without making a long-term commitment to a manufacturer.

Customers vary—from the one-man operator to the major brewers and nationalisad industries. However, not all operators believe that leasing is a viable form of fleat financing.

United Carriers, for example, does rent trailers to provide extra capacity wben traffic levels are very high, for example, shortly before Christmas. But it doas not have any trailers on lease, preferring outright fleet ownership.

Mr. Martin Smith, United Carriers' company secretary, said: "Leasing is a way, for example, to start off in the baulage business. It is a system which makes sense to those who cannot take advantage of capital allowances. United Carriers is very soundly based and has the cash resources to buy its fleet outright."

One of tbe most recent groups offering trailer rental is British Road Services. BRS, when it launched trailer rental last March with 100 trailers, said that the activity was "a natural progression from the successful BRS truck rental operation and formed another important link in the development of a total distribution service within the UK by BRS."

Trailer operating was not a new venture for BRS—it had about 6,000 trailers in service with its general haulage, contract hire and distribution business. However, it said market research indicated "a considerable growth" was likely in the number of trailers in use in the UK over the next five years, coupled with a continuing swing towards low-commitment hiring.

BRS aims to bave nearly 2,000 trailers for rent by 1984 and it aaid its present central fleet of 400 trailers was "well on target." One of its advantages over competitors is that BRS has extensive back-up servicas from its 150-plus operating depots and services—such as BRS Truck rental which can supply tractor units wben required.

### Potential

However, the major UK rental company is the U.S.-owned Tranaport International Pool, which owns a fleet of 4,000 trailers operating from 17 branches in the UK and 10,000 trailers from 53 branches in Europe. Tbe European depots are in France, Germany, Holland, Sweden, Denmark and Finland.

TIP believes that 15 per cent of all trailers in the UK are rented. This is a figure well below the American level but still a greater percentage than that acbieved on the Continent, witb the exception of Holland.

TIP stresses the local nature of trailer rental, and therefore the potential for opening branches in relatively small industrial towns. Mr. Brian Pickering, TIP's marketing director, said: "Customers don't want to have to drive many miles to pick up a traler."

TIP rents its trailers for periods of one day to three years, with a wide choice of veblcle and service. There are 16 basic types of trailer purchased from a fair range of suppliers. Mr. Pickering says TIP's apecifications to manufacturers are high. "We are renting trailers for many different types of tractors and ao we bave to bave many more "extras" on the trailers than if we were buying a trailer for one specific tractor."

The other major trailer rental and leasing company in the UK is Crane Fruehauf, which is also American-owned.

Crane's trailer operations divide into two separate areas of operation. Crane Fruehauf Finance provides a leasing service while the company's rental operations are run by Rentco. Rentco was formed in 1970 while CF Finance was formed in 1973.

Rentco has a range of semi-trailers for rental and contract ire from 19 branchea in the UK. A few more branches are planned. The company operates about 3,000 traiters. In recent months Rentco has been energetically conducting a promotions campaign, called Custom-plan, by whicb a customer commits himself to a certain leogth of rental period be is given a number of weeks' use of the trailer free. For example, on a two-year contract be would have 12 free weeks.

Rentco said: "We launched the programme in February and the offer ends on April 30. We believe it could hoost the business, given the current industrial problems such as strikes which are affecting the baulage industry.

"We are also trying to offer the customer a more flexible package and building the rental around his needs. For example, a customer can take a hired trailer to any one of our branches for service or maintenance work."

On the Continent, Rentco has about 3,000 trailers on hire in Holland, Belgium, France, Germany and Sweden. The Continent has few domestic trailer hirers, most are internationals such as Rentco, TIP and X-Tra. It is only in Holland that trailer-renting is well established, since the idea is "lesa understood" in the other major markets such as Germany.

CF's other subsidiary in trailer-rent and leasing is CF Finance, which provides the facilities for the acquisition of gronp products on hire-purchase or on a long-term lease. Its operations are now divided fairly evenly between leasing and hire purchase.

While CF and TIP are the long-established leaders in the market there are several other companies offering similar, and competitive, services. These include Trailerrent, X-Tra, Central Trailers, Euro-Trek and Willhire of East Anglia.

### Subsidiary

Trailerrent, set up in August 1978, is financially supported by National Car Parks. It is not a subsidiary of NCP but has a number of directors in common. Eight of the people involved in setting up Trailerrent had been former employees of Rentco.

Geoffrey Markham, financial and leasing director of Trailerrent, said: "We now have about 1,000 trailers wblcb can be hired or leased. Onr growth has been rapld.

"Tbe market for trailer rental, for example, is growing, and will continue to do so for the next five years. Although the percentage of trailers hired in the U.S. is mucb bigher than in the UK, it is now generally becoming more acceptable to hire a trailer in this country."

Trailerrent offers a good range of trailers from low-loaders to refrigerated trailers and bas six branches in the UK.

**Lisa Wood**

# EEC common standards making slow progress

[illegible]WLY, agonisingly so for [illegible]ain's trailer makers and [illegible]age industry, Europe is [illegible]g towards a set of common [illegible]standards for commercial [illegible]es. They are badly [illegible]d.

[illegible] disparities of existing national legislation among the nine EEC members are considerable and range from the most important concern, that of vehicle weights, over a bost of safety and tecbnical issues down to the size and location of cautionary boards.

Yet there is little optimism among trailer manufacturers or haullers that an overall regime allowing, for the hauliers, unhindered movement of goods vehicles throughout the EEC and, for trailer-makers, full opportunities to rationalise prodncts and production, will emerge mnch before 1982.

In Brussels, Europe's Economic and Social Committee, with technical and other working group's is endeavouring to draw up a package covering weights, dimensions, safety and other items.

But when a harmonisation package is knocked into shape, it will face—apart from potential opposition from national industry and environmental lobbies—passage through the EEC Commission, then likely further referral back to technical groups before landing on the agenda for the Council of Ministers. Rumblings from the affected industries about "beel-dragging" by Brussels bureacrats have done little to speed up matters.

The problem is felt especially acutely in Britain, where the trailer and haulage industries have lived for a decade with a 32.5 tonne gross vehicle laden weight limit while the rest of Europe has moved to 38 tonnes and above. But nuw there are cautious hopes that a commission set up under Sir Arthur Armitage to investigate the impact of heavy lorries on people and the environment, and which is expected to report in the autumn, might prove the catalyst for breaking up the solid mass of environmental opposition to a bigher national weight limit.

It is argued that with about seven tonnes payload less per vehicle compared with European rivals, UK hauliers are operating internationally at a severe economic disadvantage and that a move to a 40-tonne limit would greatly improve fuel efficiency. It is also suggested that an earlier increase in gross laden weight from 24 to 32.5 tonnes, which allowed a big increase in the quantity of goods carried without corresponding growth in the number of lorries carrying them, would be repeated.

But the crux of the UK industry's case, and on which much of the environmentalist oposition centres, is that the higher weight can be introduced without tractors and their trailers being pbysically bigger overall—though an extra balf metre over and above the existing 15 metres maximum is considered desirable to accommodate increased safety fitments—and without inflicting any extra damage to roads.

### Three axles

Tc hasis of the latter argument is that the vehicle trailer would have three axles, now two (the only visual difference) and that since the weight of a vehicle is transferred to the road through its axles, there would be no increase in loading on road surfaces.

In an attempt to illustrate the economic point. Motor Transport magazine last autumn sponsored Project Octave, an exercise whereby York built a trailer of the same dimensions as its existing Freightmaster frameless van using the latest suspension systems on three axles, to a gross laden weight specification of 40 tonns. Dispensations were obtained to carry out a series of tests on ordinary roads. The claimed results were that fuel efficiency was increased by 24 per cent as a result of a 23 per cent increase in gross weight providing a payload increase of one-third—greater than the forecast increase in road freight volume by 1990. At the same time, the project concluded, 75 vehicles running at 40 tonnes could carry the same payload as 100 vehicles running at 32.5 tonnes.

The effect of the latter, the project conclnded, would be an actual rednction in road damage, because of reduced overall mileage, of about 10 per cent.

Whether those arguments will wash with the Armitage Commission, and wbether they might lead the Transport Secretary, Mr. Norman Fowler, to raise unilaterally British weigbt limits in advance of an overall EEC harmonisation agreement is open to doubt. Although the industry feels that Mrs. Thatcber's Government is rather more kindly disposed towards the economic arguments for raising weigbts than its predecessor, few in the industry are counting on it.

A raising of the gross unladen weight limit conld allow many axisting tractors and trailers to run at up to 36 tonnes without infringing the current axle weight limit of 10.17 tonnes.

But to go above 36 tonnes operators will need either to buy in new tri-axle trailers, which would provide a welcome boost for trailer builders, or have their fleets converted, not necessarily a simple process, as apart from adding a third axle, the existing ones might also have to be moved to achieve correct distribution of loadings.

The effect of what Mr. Keith Buckby, York's chief engineer, describes as "10 years of absolute indecision" is that some operators are holding off on investment decisions. "Ten years ago many of them were asking us "wbat should we buy?" We still can't advise them. If an operator buys a trailer to suit what might be tomorrow's specification he is penalising bimself with the weight of a ½-ton extra axle for today's rules."

York, like the other majors, has designs for a wbole range of trailers to suit higber weights.

Crane Fruehauf, Europe'a biggest trailer maker when both its UK and Continental manufacturing bases are taken into account, for the past 12 months has been working on a range of trailers suited to be built and marketed in both the UK and the rest of Europe as and when harmonisation comes about. Work to date has concentrated on platform trailers but is being extended to cover virtually all types of semi-trailer.

But for aa long as national regulations within the nine member EEC states continue to differ so widaly, so the division of Europe into national trailer markets is likely to continue.

Holland has the higbest gross laden weight, at 50 tonnes, while in the most crucial area, axle waights, France currently has a 13-tonne limit, which, however, it has already agreed to reduce; Italy in 1978 jumped to 12 tonnes, while other countries are running up to 11 tonnes.

### Exemption

Among the welter of proposals that has been considered in Brussels, the one most recently receiving attention bas been for a 40 tonne gross limit with possible exemption for international traffic allowing up to 44 tonnes for carriage of fully loaded, 40-foot, 30.5 tonne containers. On these, a sixth axle would be required if, as currently seems most likely, an axle weight of 10.5 tonnes is eventually accepted as the European standard.

But the barmonisation problem is not confined to weights (it would still be open to member Governments to allow higher weigbts for national operations). There are no beight restrictions on trailers in the UK, but one of 4 metres is prevalent on the Continent and looks like becoming mandatory under harmonisation regulations. Safety requirements differ: France is considering making sideguards mandatory to prevent cyclists, 2CVs etc. disappearing beneath trailers; there are conflicting regulations oo rear under-bumpers and on load-securing systems; even for those "long vehicle" signs and their linguistic equivalents, and where they should be mounted.

All add to the cost of tailoring trailer-makers' products to individual markets and account for the relative absence of pan-European sales.

**John Griffiths**

# TRAILERS IV

**Kenneth Gooding meets the men running some of the principal companies and finds out what they think of the industry's prospects.**

# Comfortable profits despite the problems

**PROFILE: CRANE FRUEHAUF**

## Recovered at last from traumas

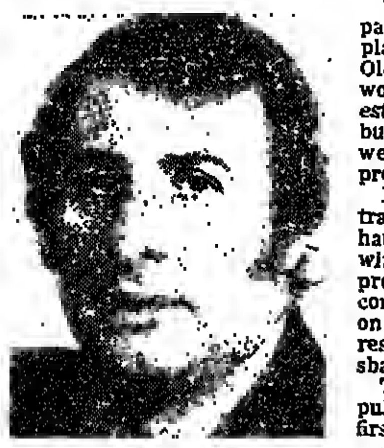
CRANE FRUEHAUF, Britain's major trailer maker, seems at last to have recovered from the series of traumas which have shaken the company over the past few years.

The problems date back to the mid-1970s and the bid from Fruehauf Corporation (of the U.S.), which previously owned only one third of CF. It resulted in a protracted and very bitter battle for control, which eventually the Americans won.

In the latter stages of the campaign, the CF board forecast that 1977 profits would be about £3m, and it paid a larger-than-usual dividend of £400,000, a procedure not uncommon during takeover battles.

After control changed hands, CF actually reported a loss of £302,000 instead of the £3m profits. This did not arise from any major changes in accounting policies. But CF at that time was made up of 37 registered companies of which about a dozen were operational and autonomous operations. Too many of the managers turned out to have been over-optimistic.

That was not the end of the financial story and only part of the reason that CF became somewhat strapped for cash.



*Philip Croft: aspirations*

The bid costs amounted to £400,000. It cost CF a further £406,000 to get out of a contract to build a factory in Iraq—construction had already started. That added up to a £1.2m loss.

CF's borrowings were stretched to the limit but Fruehauf guaranteed them, so the bank continued to give credit. The company was able to continue trading and reorganise.

For a while, CF was run by Mr. Fred Schwab, the American for whom the descripton "whiz kid" might have been especially coined and who is president of Fruehauf's total European operations. Fruehauf went through the process of "looking for a new manager director" for CF.

### Profitable

During the period of the bid a number of CF senior managers left. However, one man who stayed on—Mr. Philip Croft—came through to become the new managing director.

Mr. Croft had for some years been managing director of the profitable trailer building operations within CF.

He joined CF nearly seven years ago. Originally, he trained as an engineer—both mechanical engineering and production engineering — and started his career with GKN's rolling mills operations in the north Midlands. Later, he moved to Lancer Boss, the lift truck concern, where he was in charge of production and then to British Oxygen's Murex and Quasiarc division.

Mr. Croft reckons that trailer manufacturing is "the most difficult bit of manufacturing industry I have been in, so far, because of the speed at which market conditions can change. To optimise profits you must be prepared to change your stance very frequently, in terms of prices and market strategy."

A tall, burly, extrovert character, completely the opposite of the allegedly "faceless men" whom the rest of the industry have suggested run CF, Mr. Croft took over as managing director in August 1978 and has since been busy reorganising the company structure.

He has welded various individual companies and operating units into a one-company structure, thus reducing overheads and shortening lines of communication. CF's structure now consists of a manufacturing division, a marketing division, a financial division and four wholly-owned subsidiaries—covering rental, finance and the two Irish companies, formerly known as Dennison Trailers.

The strain on the CF managers in the hiatus after the bid can be judged from the fact that, for some time, Mr. Croft was manufacturing director and marketing director as well as managing director. But those two other posts have now been filled.

The financial results for 1978 covered only 10 months. There was a £607,000 loss. One of the factors was the Iranian crisis which caused CF to write-off its stocks in that country.

There were also strikes over pay at CF's Dereham, Norfolk, plant—five weeks—and at Oldham—two weeks following a work-to-rule—which Mr. Croft estimates cost £1m in lost business—"Without the strikes we would have recorded a small profit," he adds.

Despite 1979 being a difficult trading year, starting with the haulage dispute and ending with the engineering industry problems, CF made "a comfortable profit"—£1.289m on a turnover of £79m. The result, says Mr. Croft, was "a shade short of my aspirations."

The CF operations are "now pulling together for perhaps the first time in its history."

Last year the head office of CF was transferred from Hayes to Dereham, a move which reduced central overheads and seemed "more appropriate to the group in its present form."

Continued pressure on stock control and cash collections enabled CF to reduce its borrowings by £5m.

The company now has 2,890 employees, compared with 3,291 at the time of the bid battle.

Last year, CF won what it claims was its biggest ever order for trailers when the Irish subsidiaries were asked for 1,000 by B. and I. Ferries. The trailers were manufactured in various UK and Irish plants.

Partly as a result, CF improved its market share in unit terms last year to approaching 50 per cent.

Mr. Croft is in no doubt that 1980 will be a difficult year for the industry. The impact of the steel strike has already been felt and CF has short-time working within the trailer division.

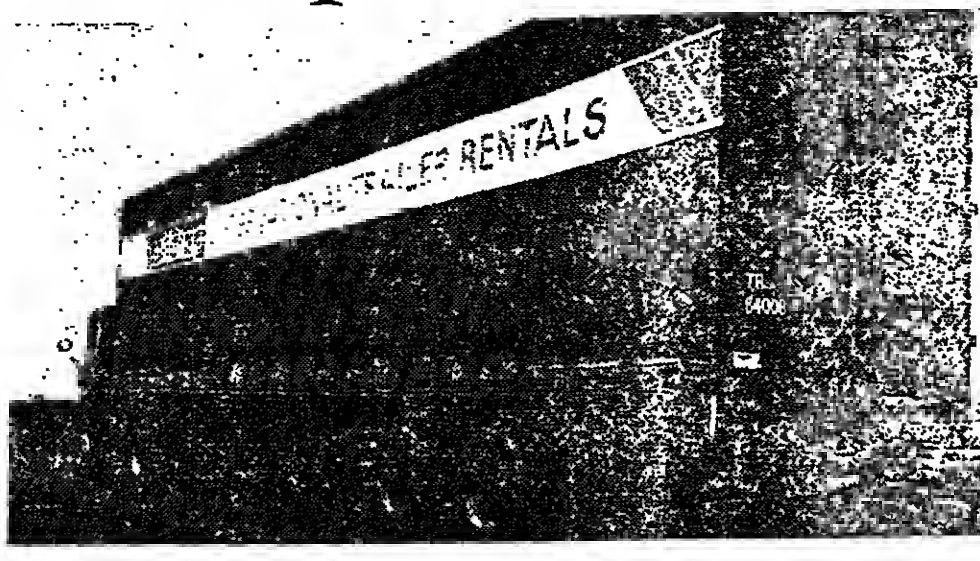
"Nevertheless, I believe our group is now fundamentally stronger than ever before," he adds. "I am confident we can increase our competitiveness and make 1980 a secure and profitable year."

Mr. Croft predicts demand for trailers in the UK is likely to fall from 17,500 last year to perhaps 12,000 to 13,000 in 1980, as competition will certainly intensify.

As Mr. Croft points out: "A trailer is a price-sensitive product. The technology is not high enough to ask a lot more for a better product. Manufacturers will be under pressure this year.

"But CF will always avoid fighting just on price—we can use financial deals, trade-ins (our used trailer operations allow for part-exchange) and even rentals. What we must try to do, at a time when haulage companies will be suffering some liquidity problems, is create a package to suit the individual haulier's needs—but one he can afford to pay for."









*Above: Trailerrent has expanded rapidly since it was formed in 1978. Right: This sprung underrider will prevent a car that crashes into the back of the tanker from running underneath, which also protects its load of corrosive chemicals. The springing can save lives by absorbing much of the impact*

**PROFILE: CRAVEN TASKER**

## Pleased with award

SOME PEOPLE turn up their noses at the Design Council awards for the motor industry. It takes a lot of energy to satisfy the judges—and an award is not easy to win. "But is the trouble worthwhile?" they ask.

Mr. Henry Booker, managing director of Craven Tasker, which collected its fourth Design Council award earlier this month, has no such doubt: "I regard the awards as well worthwhile. They are a good aid to exporting, too," he says.

The award-winning Taskold refrigerated semi-trailer from Craven Tasker's Sheffield factory has certainly helped put further cement on the company's relationship with the Danish Bacon Company. Orders for the Taskold mean that DBC has so far asked for more than 1,200 refrigerated trailers from Craven Tasker—probably the biggest sequence of orders the industry has ever seen.

The Design Council award provided some light relief for Mr. Booker in a year which has been fraught in that the industry has had to cope with the impact of three external disputes.

"It has created a high degree of tension for executives this year as we struggled to deal with all these abnormal troubles," he says. For example, the engineering workers' dispute hit three of the six Craven Tasker factories. "We had to put in tremendous efforts just to keep things running."

Mr. Booker stresses, however, that Craven Tasker "had a good year in spite of everything."

The company has played its part in the restructuring of the UK trailer manufacturing industry. It was formed from a combination of Cravens, Homalloy and Taskers. More recently it acquired, in a complicated deal, the UK trailer-making operations of Boalloy, which makes the Tautliner and Linkliner products and claims European leadership in the design and manufacture of side-access vehicle bodies.

Boalloy brought with it two of the Design Council awards which Craven Tasker now counts among its total.

### Third force

The previous owners of Boalloy retained some parts of the UK business and all rights to Boalloy-designed trailers outside the UK. As a result of the mergers, Craven Tasker has emerged as a "third force" in the UK industry.

It is a subsidiary of the John Brown group, so financial statistics are not easily come by. But Mr. Booker says turnover last year was around £30m in the trailer manufacturing and commercial vehicle body-building operations. (Competitors' figures cannot directly be compared with this because they often include a large element for income from component manufacturing, service and finance operations.)

Craven Tasker's six factories are at Woodville, near Burton-on-Trent, where the headquarters is alongside manufacturing facilities: Andover, Congleton, Garstang (near Preston), Sheffield and Cumbernauld.

"Our policy is not to have too many employees in one place. In any case, you need a great deal of room inside a factory for trailer fabrication and outside for storage." Craven Tasker has a high degree of specialisation at each factory.

All the factories are—or shortly will be—freehold. Mr. Booker says with obvious satisfaction: "Plenty of acres, all freehold."

He claims that the Cumbernauld factory has the highest trailer output in Scotland. "Our experience in Scotland is so good we are expanding there." But that does not necessarily mean the existing plant will be expanded.

*Henry Booker: tensions*

Mr. Booker is a large, affable man, a "character" in an industry not short of ebullient personalities. He insists that Craven Tasker improved its market share last year—in value terms at least. The company has for the past four or five years been concentrating on trailers with more added value. So, although total unit sales in 1979 were about the same as in the previous year, the value went up and within the unit total sales of heavy trailers improved 20 per cent.

Craven Tasker now manufactures the biggest—in carrying capacity—low loaders in the UK: trailers which can carry very heavy fabrications, up to about 1,200 tons, on which all the wheels steer and on which the suspension can be lifted, by hydraulics, by up to 2 ft.

The company, in its design efforts, is concentrating heavily on safety aspects. Mr. Booker suggests that harmonisation of vehicle standards throughout the EEC could well take account of such safety aspects as under-run bumpers, load retention, and side guards to stop cyclists and pedestrians falling under trailers.

He also insists it is the trailer manufacturers' responsibility to combat the menace of road spray—"the unacceptable face of the juggernaut."

And he is worried by the suggestion, currently gaining ground, that road tax payments should be related to axle weights. "That could distort trailer design at the cost of safety."

A great supporter of EEC harmonisation—"it will stimulate international traffic"—he does not expect any major legislation, or harmonisation, for at least three years. And he warns: "Sales will be depressed as harmonisation approaches. Only after it is implemented will we see a boom."

Mr. Booker maintains that the industry needs better forecasting methods and for this reason should keep in closer formal liaison with the truck manufacturers, using the Society of Motor Manufacturers and Traders as the forum. He points out that trailer manufacturers' profitability suffers badly when they are not able to plan production well ahead.

**PROFILE: YORK TRAILER**

## Cheerful order books

IT IS frequently said that York Trailer provides a "window" on the UK trailer industry because it is the only company with a separate Stock Exchange quote and has to provide the detailed information public companies are required to give.

If this is so, then the signs are that the industry made a poor start to 1978, but has recovered to some extent as the year progressed. For, in the first quarter of 1979, York Trailer recorded its first-ever loss. During the hauliers' dispute secondary picketing closed the Northallerton trailer factory in North Yorkshire for three days and that made a significant impact on the results.

But, according to Mr. Jim Davies, York's director for special projects, trade through the summer was buoyant and the problems in the second and third quarters were of meeting demand. Demand tapered off during December but the company entered 1980 with "better-than-average" order books.

In 1978, the last full year for which there are figures, York made a pre-tax profit of £1.15m on a turnover of £32.2m. According to the chairman, Mr. Fred Davies, the engineering dispute took all the growth out of the third quarter of 1979 — "and with it our expectations for a reasonably good year."

The only York plant directly affected by the engineering dispute was the Scammell Trailers factory at Hoveringham, Nottinghamshire. That certainly played some part in the decision to close the factory and move the manufacture of Scammell trailers to other York facilities. Scammell has been relocated at Earlstrees, near Corby.

Scammell was acquired from British Leyland in 1977. The idea was that it would give York a second string to its bow on the distribution front.

For many years, York has had its own distribution network in the UK. Scammell operates through independent distributors. The acquisition gave York access to both types of outlet—and with similar trailers because the new Scammel Fleetline van bears a remarkable resemblance to the York Freightmaster.

York has also had difficulties with another acquisition, Anthony Carrimore, bought in 1977. This company offered a new product area—tipping gears—although it also has body-building operations.

Mr. Jim Davies says that with Carrimore the root of the trouble goes back to 1978 when the West African markets were suddenly and unceremoniously closed to imports. Carrimore had been exporting 90 per cent of its products, mainly to that part of the world. It was left with an empty order book.

According to Mr. Davies, Carrimore has now clawed its way to a 35 per cent share of the UK market for tipping gears and "the problems are largely behind us." But achieving this market penetration was not without cost.

### Distribution

York's interest in spreading its operations into tipping gears underlines once again that it is the world's most vertically-integrated trailer making group. It makes many of its own components and, at the other end of the business, has its own distribution outlets.

About £11m of its turnover is accounted for by component manufacturing and sales. It makes suspensions, axles, landing gear, couplers as well as tipping gears. About half the axles it manufacturers are exported or used by other trailer-makers. Its products are also made under licence in Korea, Portugal, Finland, Brazil, India and Japan.

The component business is very profitable, too. It was to provide a manufacturing base for its axles and suspensions in the U.S. that early last year York bought the Anthony Company of Streator, Illinois, now called Anthony York. The huge slump in truck and trailer sales in the U.S. has given Anthony York a rough first year—but it should make a profit in 1980. The components to be made in the U.S. might even be supplied to the British market or other export markets.

York's other venture outside the UK—in Holland where it has a brand new assembly plant at Dordrecht and is now beginning to make progress as the company's base for a launch into Continental Europe.

The Dutch factory is making glass fibre reinforced plastic (GRP) vans, marketing Carrimore gears and bodies and is sending significant quantities to the Dutch Railways, a contract formerly fulfilled by export from the UK. The French market is also being supplied to a certain extent from Holland. In France, York is linked with the Renault distribution network, one of the best in the country.

York was founded in 1955 by Mr. Fred Davies, now 72. He is supposed to be in semi-retirement and spends only six months a year in the UK. But those who know him say that he would make more impact on a company in six months than lesser mortals in a full year.

However, the signs are that he is taking York through a period of consolidation. By all accounts, Mr. Davies does not talks so much about expansion these days on the UK front.

He was born near London and went to Canada when he was 20. He sold trailers for Fruehauf in Latin America before moving back to Canada as president of Trailmobile, the biggest trailer maker in that country.

Mr. Davies founded York using that experience. He retains control of York through York Transport Equipment of Ontario which has a 75 per cent shareholding in the UK business. In turn, the Davies family controls 75 per cent of York Transport Equipment.

*Jim Davies: impact*

Speaking for the company, his son, Mr. Jim Davies, says that it believes that ultimately the UK will move up to heavier weights for trucks and trailers —"It is inevitable because it makes so much economic sense."

He is also one of those in the industry who advocates the introduction of type approval procedures for trailers, mainly as a safety measure. Type approval would, of course, discourage those fabricators on the fringes of the industry — those which pop in when there is a boom and disappear from sight during the recessions.

The signs are that the haulage industry will be in poor shape during 1980 and that would be bound to show up in demand for trailers. But Mr. Davies points out: "York has always made its greatest strides in both market share and profitability during recessions in the industry. We've got what we need to buck the trend."

Those "plusses" include a new GRP van, the "Envoy," and a new integrally-built curtainsider which obviates the need to go to a bodybuilder.

And York "has a service network which flourishes in recession."

**PROFILE: TRAILOR**

## Selling well from France

THERE ARE two major trailer makers in the Western world, both based in the U.S. They are the Fruehauf Corporation and Pullman — Trailmobile, which operates using the Trailmobile name in North and South America and as Trailor in Europe. In 1978, Pullman's worldwide trailer output was about 34,500 and Fruehauf's 62,500, according to one unofficial estimate.

The two companies have taken different approaches to the European markets. Fruehauf operates via completely autonomous—but wholly-owned—subsidiaries in each country. Pullman, in contrast, acquired Trailor in France and tries to present a "European" image. It is 68 per cent owned by Pullman with the rest of the shares quoted on the Paris Bourse.

Trailor has succeeded in selling significant quantities of trailers from France into other countries, an achievement in an industry where there is little cross-frontier trading. There are Trailor marketing companies in Germany, Holland and Belgium selling trailers produced in France.

### Foothold

But Trailor does recognise that if it is to continue to expand in Europe, where it has a market share of about 9.5 per cent compared with Fruehauf's 20 per cent, it will have to operate within more markets.

The UK was an obvious place to go, given that it is Europe's second-largest market for trailers, after France. In 1974 Trailor gained a foothold by buying the heavy trailer building division of Peak Trailers.

This did not work out. After a couple of years or so, Trailor recruited Mr. Jeff Harrison as managing director of its UK subsidiary. He left the Peak assembly facilities and moved to Blackwell in Derbyshire, setting up some assembly facilities alongside, but separate from, the sales headquarters.

Mr. Harrison, also in 1976, stopped making Peak trailers with Trailor badges on them. Instead, he began importing semi-knocked-down trailers from the French parent company.

And, instead of acting like a big company and trying to cover the total market, Mr. Harrison has so far developed Trailor (UK) as a specialist supplier. "Specialisation is the key to success. You must build on your strengths," he says.

One of Trailor's main strengths in France is its position as a maker of "Savoyarde" trailers, better-known in the UK as TIR international trailers. Trailor makes more Savoyardes in a year than the whole of the UK trailer industry.

Mr. Harrison has been concentrating on selling this type of trailer to his UK customers. So far, Trailor (UK) has not been active in tippers, vans or tankers even though the French parent is relatively strong in these areas. "We have not yet completed the necessary marketing groundwork here to launch our effort right across the board," Mr. Harrison syas.

He has concentrated on winning orders for TIR trailers from hauliers on the Dover-to-France run where trailers go driver-accompanied. So far, he has not found a way to create much of a dent in the market for trailers used on the North Sea run to Scandinavia where the trailers mainly go unaccompanied. This is a very price-conscious part of the market.

Last year, however, Trailor (UK) sold about 650 trailers of which about 500 were in[illegible] in the UK for a British turnover of about £2m. This compares with the 1978 turnover of Trailor, the parent, FFr [illegible] (£69.6m). This figure includes the turnover from Trailor's container manufacturing business.

But Trailor (UK) does [illegible] substantial voice in the European operations. Harrison's brief covers Scandinavian countries and the rental companies in [illegible]. As for technical input, the concern played a major p[illegible] Trailor's development of frameless van.

In a few months' [illegible] Trailor (UK) will widen range by offering a refriger[illegible] van. This will be brought [illegible] from France built-up—an e[illegible]sive process. But it should [illegible] worthwhile, given the [illegible] value of the vehicle.

*Jeff Harrison: strengths*

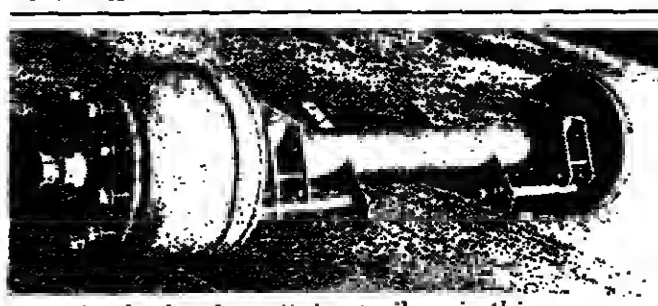
Mr. Harrison dismisses the idea that the strength of the pound helps his sales efforts. The value of sterling is not all that high, if you take a longer term view, he insists. However the high rate of UK inflation has been a help in the past. Trailor (UK) has been able to restrict its price increases to two a year because inflation in France was so much lower.

Mr. Harrison joined Trailor (UK) shortly after leaving York Trailer. At York, he was recruited by Mr. Fred Davies, the founder and chairman. He worked closely with Mr. Davies until 1976 when he began to reconsider his future prospects. Mr. Harrison decided to resign and was quickly "headhunted" by Trailor.

He says that Trailor (UK) is reaching a position where it should be manufacturing in Britain—something which has always been his aim. But much depends on activity at Trailor's factory at Coignieres, Eastern France. This was set up to supply all Europe and until it runs out of capacity the company will not be expanding elsewhere.

Something over which he has no control—although obviously he would have a voice in the decision—would be expansion by acquisition in the UK. That could lead to a rapid development in the market.

If the UK industry suffers during the expected downturn in demand this year and next, it might be the right time for Trailor to make overtures to one of its British rivals.



*A standard axle unit for trailers is this one m[illegible] by Rubery Owen Rockwell*

# Funding a new trailer fleet?

## We've some questions (and answers) for whoever is accountable

**If it's your responsibility to spend capital on a new trailer fleet you'll want some hard facts to back your judgement. Some of the questions you're likely to ask, and some of the facts we use to support our answers, are given below:**

### How do you know a reliable trailer?

As Britain's biggest trailer manufacturers we have built up our impressive share of the market on our unassailable reputation for the ruggedness and reliability of our entire product range. Our sheer size gives us the capacity to plough a lot of effort back into research and development, quality and production control, to make sure our satisfied customers stay satisfied. Our sales volume supports a comprehensive range of back-up services right where you need them: through a national network of centres.

### How can you know if they'll stand the test of time?

The only way to be sure a trailer will stand rough roads and extreme conditions of service, year after year, is to "get in and find out". So in addition to the sophisticated strain gauge analysis methods we employ in the UK, our Parent Company has the very last word in computer-linked road simulation equipment to test our trailers to extremes. It all adds up to a product range which we can safely say will stand the test of time.

### What price EEC Harmonisation?

Our positive attitude to European Harmonisation is that it presents us with a first-class opportunity to utilise to the full our European design, engineering and manufacturing capacity, then pass on to our customers the benefits of scale and of a through-Europe parts and servicing capability. Which is why, with all our experience of customers' needs in the markets we serve, we are already meeting regularly with our European affiliates — from France, Germany, Holland, Sweden and Spain — looking to turn a Euro-problem into a Euro-plus. We alone, of all trailer manufacturers in the UK, have the existing European structure to look after our customer's interests in this way.

### Do you get the finance you need?

Crane Fruehauf is the only United Kingdom trailer manufacturer offering you, in-house, a comprehensive package of its own ***LEADERPLAN*** lease and financing schemes specifically tailored to the needs of the industry. Should you need it, Crane Fruehauf can offer you a *total package*.

### Do you get the back-up you need?

The Crane Fruehauf range of back-up services provides you with the full facilities of trailer rental and contract hire from Rentco Nationwide, the pick of approved parts for most makes of trailers through ***LEADERPARTS***, and a used trailer sales facility, all of which, like our service centres with full modification and repair facilities, are right where they are needed. Crane Fruehauf gives you comprehensive nationwide coverage so that whatever you need you'll always know where to turn.

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**North West** Hardwick Grange,
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# WORLD STOCK MARKETS

## NEW YORK

# Dow index fall of 9.3 at noon

THE RECENT rally on Wall Street proved short-lived, with stocks mainly returning to a downward course yesterday morning in moderate trading.

The Dow Jones Industrial Average fell 9.30 to 791.4 at noon, while the NYSE All Common Index receded 47 cents to $58.84 and declines outpaced gains by a two-to-one margin. Trading volume decreased to 15.16m shares from Wednesday's 20.55m.

Analysts said fears of a severe recession and continuing high interest rates as a result of new Government anti-inflation policies remaining the major negative.

Federal Reserve chairman Volcker told the House-Senate Economic Committee that the Fed will continue to restrain growth of money and credit even with planned Federal Budget cuts.

The Treasury announced plans for $26bn of financing, sending Bond prices sharply lower and interest rates higher.

Volume leader Benguet, which rose two points on Wednesday, lost ⅞ to $9⅞. ASA shed 1¼ to $43⅞, Homestake Mines ⅞ to $42½ and Hecla 2½ to $30¼. Silver Bullion prices rose but Gold lost ground.

The Oil group also declined, Mobil retreated 1¾ to $73¼, Exxon ⅜ to $58⅞ and Superior Oil $4 to $139. Phillips Petroleum has trimmed reserve estimates for its Ekofisk Field in the Norwegian North Sea. Phillips lost 2⅜ to $44⅞.

Federal Express fell 1⅞ to $50⅞ despite higher fiscal third-quarter net profits.

Chips, active IBM shed ⅞ to $58⅞, Du Pont ⅞ to $34, General Electric ⅞ to $46¼, Owen-Illinois ⅜ to $24¼, Walt Disney ⅞ to $42⅞, McDonald's ⅞ to $37¼, Eastman Kodak ¾ to $46 and Avon Products ½ to $33¼.

THE AMERICAN SE Market Value Index was down 1.23 at 257.05 at mid-day after volume of 1.79m shares (2.87m).

## Canada

Markets made a mixed showing at mid-session following a fairly large turnover. The Toronto Composite Index lost 6.4 to 1,917.6 at noon, while the Oil and Gas index shed 29.6 to 4,330.6 and Metals and Minerals 8.4 to 1,966.3, but Golds added 35.2 at 3,070.3.

Golds were mixed as Giant Yellowknife rose C$2 to C$20, Campbell Red Lake 1¼ to C$38¼ and Dome Mines ⅞ to C$72, but Camflo Mines lost 1¼ to C$18¼ and Kerr Addison C$1 to C$17.

## Hong Kong

Stocks generally staged a sharp rebound after the recent heavy setback, but in a nervously traded market which recorded the lowest day's turnover since the beginning of the year. The Hang Seng index recouped 27.57 to 766.49.

Dealers said this constituted a mainly technical recovery, with current ICAC property market investigations and fears of a further rise in local Prime Rate continuing to overshadow business. However, helping sentiment yesterday were softer local money market rates and a firmer Hong Kong dollar, which should remove some of the pressure to raise local Prime this weekend.

Green Island Cement rose HK$3 to HK$43.75 ahead of news of a final dividend of 70 cents and a one-for-five bonus issue.

Hongkong Bank gained 70 cents to HK$21.10, Hong Kong Electrical 20 cents to HK$5.55, Hong Kong Land 40 cents to HK$10.90 and Hong Kong Wharf HK$2 to HK$57. Hutchison Whampoa advanced 50 cents to HK$7.30, as did Jardine Matheson to HK$14.00.

## Germany

Several leading shares improved late in the session, but the overall pattern was mixed with few major changes in fairly quiet trading. Sentiment continued to be restrained by the weak Bond markets.

Siemens was heavily traded, however, and rose DM 2.20 to DM 264.00 in response to an encouraging progress report and a proposed capital increase announced at the annual meeting. The news apparently brightened the Electricals sector in general, Brown Boveri adding DM 4.50 and AEG 20 pfennigs.

Bayerische Vereinsbank put on DM 5, while Linde gained DM 3.50, among Engineerings, but MAN shed DM 1.50.

Domestic Bonds remained weak with seven Railway Loans marked down by DM 1 apiece, while other public paper recorded falls ranging to 70 pfennigs. The Bundesbank bought DM 37.3m nominal of stock in open-market operations (DM 31.2m). Mark Foreign Loans further retracted, with South American issues particularly weak.

## Australia

Shares continued to recover over a wide front in active dealings, with Mining and Energy shares performing particularly well. The Sydney All Ordinaries Index regained 13.62 more to 795.07 and the Metals and Minerals Index 168.54 to 4,902.81.

However, brokers said overseas support was limited, and there was concern that current institutional buying could not sustain the recovery. Several also suggested that the rally was more a response to a month of over-selling than an expression of long-term confidence.

Gold Shares were boosted by sharply higher Bullion prices overnight, while other Metal Minings were helped by firmer London base metal prices.

Among Golds, Consolidated Goldfields advanced 30 cents to A$5.60, GMK 70 cents to A$4.20, Poseidon 45 cents to A$2.35, Central Norseman 70 cents to A$5.80 and Emperor 20 cents to A$1.85.

Elsewhere in Minings, Peko-Wallsend moved ahead 60 cents to A$7.70, Pancontinental 50 cents to A$6.40, Renison Tin 50 cents to A$17.00, Aberfoyle 30 cents to A$5.50, Western Mining 20 cents to A$4.00, MIM 15 cents to A$4.40 and Oakbridge 20 cents to A$3.65.

The Ashton diamond consortium partners scored further good gains, CRA rising 30 cents to A$5.00, Ashton Mining 25 cents to A$2.80 and Northern Mining 35 cents to A$2.40.

In the Oils sector, Woodside added 12 cents at A$2.02, Weeks Petroleum 40 cents at A$7.00, Lennard Oil 15 cents at A$1.60 and Santos 30 cents at A$6.30.

BHP put on 10 cents to A$12.30, CSR 8 cents to A$5.28 and ANZ 9 cents to A$4.36.

## Johannesburg

Gold shares recovered further ground in active trading in response to the good Bullion price rally.

Randfontein rose R3.00 to R75.00, West Driefontein R2.75 to R72.25, Vaal Reefs R2.50 to R60.00 and St. Helena R1.50 to R38.00.

Mining Financials continued to follow gold producers, Goldfields adding R2.00 at R82.00 and General Mining R1.00 at R19.75.

## Paris

Share prices were mixed with a slight majority of declines at the end of a fairly quiet session, the market failed to extend Wednesday's sharp recovery.

Banks and Chemicals were mostly firmer, but Ports, Motors, Constructions, Metals, Electricals and generally lost ground.

## Tokyo

The market was closed yesterday for the Vernal Equinox holiday.

Americo were not available Closing prices for North for this edition.

## CANADA

## BELGIUM (continued)

## HOLLAND

## AUSTRALIA

## JAPAN (continued)

## Indices

## NEW YORK ACTIVE STOCKS

Spanish prices Page 24

# Fat sheep price raised

By Our Commodities Staff

THE AVERAGE guaranteed price for fat sheep has been raised by nearly 11 per cent for the coming season.

Mr. Peter Walker, the Minister of Agriculture, announced in the House of Commons yesterday that the price had been lifted to 155p a kilo from 140p last season. The guaranteed wool price has been raised 3p to 115p.

The sheep guarantee has been converted, as usual, into a scale of weekly standard prices varying with anticipated supplies over the season.

When the new scale comes into force on March 31, the standard price will be 167.9p a kilo. If market prices stay at their present levels this will mean a Government payment to sheep producers of nearly 10p.

Mr. Richard Butler, president of the National Farmers' Union, said he was disappointed at the increase which he said would not provide a basis for the expansion of production the Government has called for.

# Estimate cut for Israeli citrus exports

ISRAEL'S ESTIMATES of citrus exports during the current 1979-80 season have been cut by 8 per cent following recent bad weather. With 70 per cent of the crop already packed or shipped, the Citrus Marketing Board now estimates total exports for the season at 46m cases, down from the original estimate of 49.8m cases. The latter figure would have been equal to actual shipments during 1978-79.

# Small eggs dearer

SMALLER-SIZE egg prices are being raised because of a shortage of supplies, the Goldenlay marketing consortium announced yesterday. It is putting up the cost of grade six and seven eggs by 3p a dozen and grade five by 2p a dozen. These three grades account for only about 20 per cent of the total market.

A spokesman for the group said the increases only brought smaller size egg prices, which had previously been depressed, into line with the larger size eggs. Reduced chick rearing in the past few months had cut the number of younger hens which lay the smaller eggs.

# Australian wool strike settlement

AGREEMENT has been reached on a basis for settlement of the 11-week-old pay dispute which had halted exports of Australian wool, the Australian Council of Trade Unions (ACTU) president Bob Hawke said.

Storeman and Packers Union federal secretary Simon Crean said the union believed the settlement provided the basis for an immediate return to work. He said the union would recommend that those strikers who could report for work today, should do so.

The settlement involves immediate payments to wool storemen of A$2.75 to A$4.25 a week, he said, after a conference before Justice Williams of the Arbitration Commission.

Meanwhile Australian Primary Industry Minister Peter Nixon said in Canberra he approved arrangements enabling advance payments to be made from the Market Support Fund to wool growers affected by the storemen's dispute.

Mr. Nixon told Parliament in reply to a question that the payments will be provided where the sale of wool has been delayed by the dispute or where wool has been sold but growers have not been paid.

Mr. Nixon also said he is seeking ways to alleviate the financial position of some brokers and buyers who have bought millions of dollars worth of wool but who were unable to deliver it onwards and obtain payment.

In Sydney, greasy wool futures closed up to 10 cents dearer on rumours that a strike by wool industry storemen and packers was near settlement. Some brokers also reported heavy speculative buying in anticipation of higher prices when wool sales resume.

Reuter

# Rethink on dock dues could save Hull port

BY RICHARD MOONEY

NEW HOPE for the survival of Hull as a fishing port emerged yesterday following what local fishermen described as a "climb down" by the National Docks Labour Board over dock charges.

The port's Fishing Vessel Owners' Association went into liquidation earlier this month because it had been forced to raise its dock charge to an uneconomic £51 a tonne to cover the £120,000 a month rent it pays to the Docks Board. But this was based on expected landings from local vessels only, and it now appears that Icelandic vessels might after all be interested in using the port.

An Icelandic boat applied to land at the port yesterday but the Board quoted it the standard charge of £51 a tonne, which it declined. This angered dock workers who would have unloaded the fish. They argued that the Icelandic landing would have been a bonus and that if sufficient such vessels could be attracted, the whole economic position, and therefore the required average charge, would be altered.

The Board was persuaded to offer a discount to foreign vessels in the hope that the extra landings could keep the port alive. It has now decided to offer a special rate to foreign boats only 20 per cent higher than last year's.

Hull fishermen calculate that this would mean £15-17 a tonne, a rate comparable with that charged at Grimsby, Hull's main competitor.

A statement issued by the Docks Board said it had been "grossly misrepresented" over its position on the future of Hull. It said the £51 charge had been calculated by the Vessel Owners' Association.

New landings estimates by the Association had enabled a new scale of tariffs to be drawn up, it said. "The rate equivalent to the much-publicised £51 is £22.50 per tonne. Rebated charges are being specified for foreign trawlers which will pay just under 20 per cent more than last year," the statement added.

"The Docks Board did not cause the present crisis in the fishing industry," commented Mr. Ken Bantock, Port Director of Hull. "It is itself a victim of a situation which has arisen out of the lack of fishing opportunities for British trawlers."

# Cocoa summit advanced

THE summit meeting of cocoa producing countries has been brought forward by a week to March 23/24. No explanation has been given as to why the talks have been brought forward, but they will now be held before the special meeting of the International Cocoa Council on Wednesday and Thursday next week which will consider the future of the International Cocoa Agreement, due to expire on March 31.

It is now hoped that the producers might come forward with a new initiative to break the impasse that caused last week's abort negotiating a new cocoa pact to end in deadlock.

The summit talks are to be held at Yamoussoukro in the Ivory Coast. The presidents of Ghana, Nigeria, Togo and Gabon have already agreed to attend, according to officials of the Ivory Coast Caisse de Stabilisation, reports Reuter.

# Rhodesia seeks good sales at tobacco auction

RHODESIA's first open tobacco auction sales since the imposition of economic sanctions in 1965 will start on April 8, after considerable uncertainty about the tobacco industry's future.

The 1980 tobacco crop is believed to be both large and of good quality. Tobacco growers will be able to sell without the so-called "sanctions discount" for the first time in 15 years, and in addition they will have preferential access to markets in the EEC.

But there is to be considerable concern among buyers from the main European countries concerning the continuity of supplies. It is feared in Salisbury that concern that white farmers will emigrate is causing anxiety among buyers over the ability of the industry to provide continuity of supply in the years ahead. A spokesman for the industry said yesterday "we are frankly disappointed at the indications we have had of the level of probable purchases by Britain."

He warned that there were signs that UK buyers would not buy anything like enough tobacco to provide the highly competitive market conditions which growers had hoped would develop.

FARMING CONFERENCE

# No bonanza after all

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. PETER WALKER, Minister of Agriculture is fast discovering that the British farmer, however much is done for him, is never satisfied, and like Oliver Twist, perpetually asks for more. He is said to be especially aggrieved that, after fully devaluing the Green Pound, the NFU is asking for a price rise of at least that demanded by COPA, the European Farmers' Union, plus a further cut in the Green Pound to raise UK prices still further.

No wonder he retaliates with increasing petulance that British farmers should export more, and market better. Phrases easy to form but difficult to execute, and unlikely, it would seem, to put any more money into the industry's pockets. And money is what farmers are worrying about now.

The plain fact is that there is no more money in the Common Market kitty for substantial increases. And, that market prospects for all the main commodities are of saturation and depression. All this was made abundantly clear at a conference organised by the Royal Agricultural Society and AGRA Europe at the National Agricultural Centre last week.

The scene was set by Graham Meadows, policy adviser to Finn Gundelach, the EEC Agricultural Commissioner. He laid down in stark terms the fact that British farmers had enjoyed substantial price increases since 1975, partly through Green Pound devaluations, and British prices in the main were now in line with those in the rest of Europe.

In future, therefore, returns would rise in line with those in the Community as a whole, and as the Commission regarded a 2½ per cent increase as a maximum, there would be little chance for them to get any more from that source. Particularly as Mr. Walker was holding out for no increase in those commodities in surplus—milk, sugar and cereals.

Only a minority of farmers have realised the truth of Mr. Meadows' assertions. For years they had been encouraged to invest and expand in anticipation of full EEC membership, only to find that the cupboard is bare and that it is little use asking the British Government for help. Although at the NFU Annual General Meeting many resolutions were doing just that.

Well if it won't come from Brussels, what about markets? Here there was little joy for anyone. Mr. Freddie Rees of Ranks forecast that if cereal production went on increasing at the present rate, there would be a UK surplus of feed barley and wheat of about 3m tonnes by 1985.

Because world grain production is rising in the same proportion, possibilities of exports, even subsidised exports, would be most difficult.

Already in spite of importing some maize and hard wheat, the EEC as a whole was last year a net exporter of grain. The only hope he could hold out for UK farmers was a decline in sterling and consequent scope for Green Pound devaluations.

Miss Sylvia Smith, an economist with Borthwicks the meat traders, began by saying that meat consumption followed the growth or otherwise of personal incomes. There was buoyant demand in the two years up to early 1979, since then the indications were of continuing difficulty. Only a decisive change in the country's economy could alter this.

On lamb she forecast that in the short term there was likely to be a 10 per cent increase in production this year, and a very different marketing pattern than in 1979 when the early lamb was scarce and made a high price. Even if the French market were to be opened, prices would be likely to level out near the UK level not the French.

On beef she forecast a small decline in supplies which could accelerate in later years if the slaughter of cows and consequent reduction in rearing calves were to continue. She thought that beef would continue at or about the intervention level.

In these circumstances there was no scope for Community price increases that would even meet the rate of inflation.

Pork and poultry meat would be the growth areas because they were basically cheaper than beef and lamb to produce, and cereals, their main production cost, were likely to be in surplus and thus kept comparatively cheap.

Mr. M. E. Bessey of the Milk Marketing Board was optimistic about the Board's chances of selling all the milk that farmers cared to produce, but was far from confident that producers would be getting the increasing prices they were asking for. These he said were governed by political and economic considerations.

This depressing scenario I believe to be correct. But it is applicable not only here but in Europe as well. Although British farmers are claiming a special case because of rising inflation, there is no doubt that costs in Europe are at least as high as they are here. Indeed for labour and machinery they are higher and farmers are just as unhappy.

The unfortunate fact is that encouraged by talk of high European prices, and the prospect of enjoying them, too many British farmers have been investing too heavily in land stock and machinery, in order to be able to reap the bonanza they had been told would be theirs for the taking. Only to find that the reality, as so often in these things, fell far short of the promise.

But farmers don't like to hear the nasty truth, and the bulk of the audience was made up by what could be termed the ancillaries the agricultural supply industries who don't take such a rosy view of economic facts as farmers sometimes do.

# NFU seeks action on lamb ban

BY RICHARD MOONEY

THE UK National Farmers' Union will press for retaliation against France if no progress is made on forcing the French government to dismantle its restrictions on British lamb imports soon, Mr. Richard Butler, the NFU president, warned yesterday.

The European Court, which ruled that the restrictions were illegal six months ago, is expected to issue an interim injunction against France next week, but it remains to be seen whether this will persuade the French to relent.

Mr. Butler said some NFU members had been demanding that the union should press for retaliatory action against French imports, such as apples, cheese and eggs.

Meanwhile, the EEC Commission has taken an action which could lead to Britain itself appearing before the Court.

Mr. Finn Gundelach, the EEC farm commissioner, has written to Mr. Peter Walker, the British Agriculture Minister, asking for an explanation, within 30 days, of the health restrictions which keep Continental milk out of the country.

Britain's high milk price is attractive to producers in Europe and France, Ireland and the Netherlands are all known to be anxious to gain access to the UK market.

The British claim the imports would pose a serious health threat to dairy herds because the Continental sterilisation method (ultra heat treatment) does not guarantee the elimination of foot and mouth germs. If the Commission does not accept this argument, Britain is likely to be hauled before the Court.

The decline in liquid milk sales in England and Wales continued last month according to figures published yesterday by the Milk Marketing Board.

Sales for liquid consumption totalled 514.4m litres compared with 506.6m in February, 1979. But when allowance is made for the fact that February was one day longer this year this represents a decline of nearly 2 per cent.

# Good response for Soviet softwood

THE SECOND offer of Soviet softwood which was circulated in the first week of this month, has met a good response from importers. It seems likely that Exportles, the Soviet selling organisation for forest products, will achieve sales of around 300,000 cubic metres, bringing their total for this year to just over 1m cubic metres, which they indicated was the upper limit of availability for this market.

Softwood supply and demand is well balanced in Europe and importers appear to have taken the view that the Russian wood was sufficiently attractive in spite of a 7 per cent price rise on the most popular grade since the first offer in January.

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. Forward metal moved ahead to £1,060 on the pre-market, buoyed by the strong performance of gold. The price edged further ahead to £1,065 in the rings before easing back to the mid-50s on profit-taking. In the afternoon a lower-than-expected opening on Comex prompted renewed profit-taking and short selling in London and three months fell afresh to close the late kerb at £1,039.5. Turnover 18,775 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 1045-5 | +12 | 1034-6 | —6 |
| 3 months | 1058-9 | —15 | 1045-5 | —5 |
| Settlem't | 1046 | +12 | — | ...... |
| Cathodes | | | | |
| Cash | 996-7 | +5 | 987-90 | +4.5 |
| 3 months | 1026-9 | +11 | 1018-20 | —4.5 |
| Settlem't | 997 | —5 | — | |
| U.S. Prod | — | ..... | *94-103 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,045, three months £1,065, 63, 60, 59, 58, 57, 59, 57, 58, 57, 56, 55, 54, 53, 55, 57, 58, 60, 59. Cathodes, cash £1,000, 997, three months £1,028. Kerb: Wirebars, three months £1,035, 54, 55, 56, 55. Afternoon: Wirebars, cash £1,032, three months £1,054, 56, 57, 56, 43, 45, 44, 45, 45. Kerb: Wirebars, Three months £1,039, 35, 36, 36, 40, 41, 40, 39, 38.

TIN—Firmer. After opening at £7,840, reflecting the rise at Penang, forward metal moved up to £7,830 on modest fresh buying. In the afternoon the market eased on profit-taking which pared the price to £7,840 prior to recovering to close the late kerb at £7,870. Turnover 400 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7870-900 | —127 | 7850-5 | +37.5 |
| 3 months | 7880-90 | —32.5 | 7865-70 | +55 |
| Settlem't | 7900 | +140 | — | ...... |
| Standard | | | | |
| Cash | 7870-900 | —127 | 7850-5 | +37.5 |
| 3 months | 7860-90 | +37.5 | 7865-70 | +55 |
| Settlem't | 7900 | +140 | — | ...... |
| Straits.E. | ±52295 | —15 | | ...... |
| NewYork | — | | | ...... |

Standard, three months £7,870, 30. Kerb: Standard, three months £7,860. Afternoon: Standard, cash £7,850, 40, 30, three months £7,880, 90, 75, 70, 60. Kerb: Standard, three months £7,340, 50, 70.

LEAD—Moved ahead reflecting the rise in copper. After opening around the £460 level forward metal gained ground to touch the day's high of £472.5 on the afternoon kerb before closing at £469. Turnover 12,675 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 528-30 | +17 | 515-20 | —5 |
| 3 months | 467-8 | ...... | 469.75-70 | +12.8 |
| S'ment | 530 | +15 | — | ...... |
| U.S. Spot | — | ...... | *50 | ...... |

Morning: Cash £525, 27, 30, three months £462, 63, 63, 64, 65, 68. Kerb: Three months £466. Afternoon: Three months £467, 68, 69, 68, 69.5, 69.75. Kerb: Three months £470, 71, 72, 74, 73, 72, 73, 71, 72, 73, 72, 70.

ZINC—Barely changed in quiet and routine trading with forward metal finally £334.5 on the late kerb. Turnover 4,600 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 328-30 | +.5 | 327-9 | +2 |
| 3 months | 336-6 | +.5 | 333-4 | +1 |
| S'ment | 330 | ...... | — | ...... |
| Primw'ts | — | ...... | *59.5 | ...... |

Morning: Cash £329, 30, late March £330, three months £326, 35, 36. Kerb: Three months £338, 35. Afternoon, three months £336, 35, 34. Kerb: Three months £332, 33, 34, 33.

ALUMINIUM—Slightly higher. Forward metal opened around £866 and advanced to £875 in the wake of copper before easing to close the late kerb at £866. Continued demand for cash material left the backwardation around £45. Turnover 5,125 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 922-3 | —1.5 | 915-8 | +4 |
| 3 months | 872-3 | —8 | 868-9 | —1 |

Morning: Cash £922, three months £876, 75, 74, 73, 73. Kerb: Three months £870. Afternoon: Three months £872, 71, 70. Kerb: Three months £869, 68, 67, 66.

NICKEL—Gained ground in quiet trading with forward metal finally £3,147.5 on the late kerb after a high of £3,175 in the afternoon rings. Turnover 372 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 3035-45 | —20 | 3054-60 | +12 |
| 3 months | 3150-60 | —17.5 | 3174-8 | +17.5 |

Morning: Three months £3,155. Afternoon: Three months £3,160, 70. Kerb: Three months £3,160.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

## SILVER

Silver was fixed 85.4p an ounce higher for spot delivery in the London bullion market yesterday at £10.266. U.S. equivalents of the fixing levels were: spot $22.6, up 51.95; three-month $23.347, up $1.897; six-month $24.169, up $2.022; and 12-month $24.861, up $2.105. The metal opened at £9.55-10.25 ($21-22½) and closed at £9.85-10.5 ($21½-22½).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 1026.6p | +85 | 989.6p | —34.5 |
| 3 months | 1050.5p | +83 | 1023p | +89.5 |
| 6 months | 1094.5p | +89 | — | ...... |
| 12months | 1138p | +93 | — | ...... |

LME—Turnover 188 (140) lots of 10,000 ozs. Morning: three months 1,070, 65, 70, 80, 85, 90, 60, 55, 45. Kerbs: three months 1,030, 25, 32, 35, 30. Afternoon: three months 1,015, 24, 20. Kerbs: three months 1,010, 15.

## COTTON

LIVERPOOL—No spot or shipment sales were recorded, leaving the total for the week so far at 182 tonnes. Renewed caution was displayed by operators and business was minimal. Minor support was forthcoming in African growths, as well as American supplies.

## COCOA

Once again cocoa futures traded throughout the day without showing any positive trend. The trading range was £13 and at the close levels were only marginally altered to Wednesday evening, reports Gill and Duffus.

| COCOA | Yesterd'ys Close | + or — | Business Done |
|---|---|---|---|
| March | 1397-03 | —4.0 | 1400-1388 |
| May | 1427-28 | +4.5 | 1430-17 |
| July | 1454-35 | —3.00 | 1443-29 |
| Sep | 1446-49 | —2.00 | 1452-42 |
| Dec | 1476-80 | —6.50 | 1488-78 |
| March | 1505-07 | — | 1513-07 |
| May | 1530-37 | +8.50 | — |

Sales: 1,282 (1,366) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 19: 139.73 (139.65). Indicator price March 20: 15-day average 140.63 (140.80); 22-day average 141.38 (141.61).

## COFFEE

Robustas opened on a quiet note around unchanged levels, reports Burnham Lambert. Trading conditions were once again thin and volume poor. Early afternoon dealings were disappointing but renewed strength in New York prompted some trade short covering in London and prices advanced sharply to break out of the recent trading range. Values were finally £15-£34 up from the previous.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | 1625-35 | —15.5 | 1658-10 |
| May | 1561-63 | —18.0 | 1565-42 |
| July | 1689-90 | —27.5 | 1694-92 |
| Sept | 1725-27 | +29.5 | 1730-93 |
| Nov | 1723-29 | +31.5 | 1755-95 |
| January | 1720-27 | +33.5 | 1706 |
| March | 1690-96 | +25.5 | 1697 |

Sales: 4,822 (2,475) lots of 5 tonnes.

ICO indicator prices for March 19 (cents per pound): Other Mild Arabicas 184.00 (183.33). Robustas ICA 1976 168.00 (168.50); ICA 1968 188.25 (168.75). Unwashed Arabicas 205.00 (same). Como. daily ICA 1968 183.08 (183.47).

## GRAINS

LONDON GRAIN FUTURES—The market opened unchanged to slightly higher but values were on the retreat all day. After good demand spot barley closed higher while May barley closed lower. New crops found buyers on any dips from highs and closed steady between unchanged to 10p higher, reports Acli.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yest'rdays close | + or — | Yest'rday close | + or — |
| Mar. | 92.95 | —0.35 | 92.23 | —0.05 |
| May | 95.50 | —0.35 | 94.15 | —0.30 |
| Sept. | 93.95 | —0.05 | 91.85 | +0.10 |
| Nov. | 98.00 | —0.10 | 95.35 | +0.10 |
| Jan. | 101.90 | ...... | 98.95 | +0.10 |

Business done—Wheat: March 93.75-92.90, May 95.25-95.25, Sept. 94.00-93.80, Nov. 98.00-97.90, Jan 102.00-101.85. Sales: 153 lots of 100 tonnes. Barley: March 92.30-92.00, May 94.60-94.10, Sept 91.90-91.80, Nov 95.00-95.35, Jan 100.00-99.35. Sales: 192 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, April 97, May 95.30, June 96.30 transhipment East Coast. English Feed fob April 99 East Coast. Maize: U.S./French March 116, April 117 transhipment East Coast. S. African Yellow April 75.50. Barley: English Feed fob March 98, April 95.50, May-June 99.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Food barley, S. East 94.60, S. West 93.80, W. Midlands 93.50, N. West 94.30.

## RUBBER

The London physical market opened steadier with good terminal interest, closing on an easier note. Lewis and Peat reported a Malaysian godown price of 326 (324) cents a kg (buyer, April).

| No. 1 R.S.S. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| Apr. | 70.30-70.40 | 68.80-69.00 | 70.50-70.00 |
| May | 71.50-71.56 | 70.10-70.40 | 71.50-70.80 |
| Apr.-Jne | 71.50-71.65 | 70.00-70.80 | 71.85-71.00 |
| Jly.-Sept | 75.35-75.50 | 75.60-75.65 | 75.50-74.50 |
| Oct.-Dec | 76.85-76.90 | 77.20-77.25 | 78.50-77.25 |
| Jan.-Mar | 81.50-81.65 | 79.80-79.85 | 81.50-80.20 |
| Apr.-Jne | 84.10-84.20 | 82.40-83.00 | 85.00 |
| Jly.-Sept | 86.85-86.90 | 85.25-85.45 | 88.85 |
| Oct.-Dec | 89.70-89.90 | 88.40-88.45 | — |

Sales: 464 (597) at 15 tonnes, 79 (73) at 5 tonnes.

Physical closing prices (buyer) were: Spot 68.50p (68.00p); April 71.75p (71.25p); May 73.00p (72.50p).

## SOYABEAN MEAL

The London market opened with small losses but ran into trade support particularly on nearby months, reports T. G. Roddick. Prices soon firmed on mixed buying and closed with gains of around 50p.

| | Yest'rd'y Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| April | 112.00-12.5 | +0.80 | 112.00-11.50 |
| June | 111.40-11.5 | +0.25 | 111.60-10.90 |
| August | 115.50-15.7 | +0.35 | 115.80-15.50 |
| October | 111.50-11.4 | +0.30 | 111.60-11.00 |
| December | 114.30-14.6 | +0.25 | 114.50- |
| February | 115.90-17.5 | +0.05 | 117.00 |
| April | 118.00-21.0 | +0.95 | — |

Sales: 61 (39) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £210.00 (£224.00) a tonne cif for March-April-May shipment. White sugar daily price was £224.00 (same).

Opening levels were little changed from overnight prices and despite a slightly weaker tone later the market was always well supported. A report that the Thailand authorities would defer exports of raw sugar produced a steadier market but profit-taking and weaker overseas quotations lowered prices by some £7 at the close, reports C. Czarnikow.

| Sugar Pref. Comm. Con. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | 210.00-15.00 | 228.00-20.00 | 215.00 |
| May | 228.50-28.75 | 227.00-27.25 | 232.75-24.00 |
| Aug | 240.00-40.50 | 245.50-56.00 | 246.25-35.00 |
| Oct | 249.50-49.75 | 244.75-45.00 | 256.75-45.50 |

Sales 9,433 (8,954) lots of 50 tonnes.

Number 4 Contract—Close (in order buyer, seller only): May 230.60, 230.75; Aug. 240.50, 244.00; Oct. 250.00, 253.00; Jan. 255.00, 259.00; March 270.00, 272.00; May 270.00, 272.00. Sales 1,321 (1,344).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £293.00 (£292.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for March 19: Daily price 18.97 (17.27). 15-day average 20.32 (20.52).

## WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. May 396, 397, 401, 2; Aug. 415, 420, 418, 4; Oct. 419, 423, 420-417, 9; Dec. 416, 420, 416, 5; Jan. 417, 419, nil, nil; March 422, 433, nil, nil; May 425, 435, nil, nil; Aug. 425, 437, nil nil. Sales: 20.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. March 480.0, 430.0, 495.0-489.0, 37; May 497.0, 433.0, 500.0-494.0, 96; July 514.0, 515.0, 515.2-503.1, 308; Oct. 513.0, 515.0, 514.5-509.0, 77; Dec. 513.0, 514.0, 514.0-510.0, 50; March 514.5, 515.0, 515.0-511.0, 45; May 514.0, 515.0, 514.0-512.0, 18; July 515.0, 518.0, 515.0 traded, 5. Sales: 637.

*

HIDES—Manchester: depression continues, prices weaker. Second clears. Ox. 31-33.5 kilos, 47.0p a kilo (51.5p a kilo); 26-30.5 kilos, 44.0p a kilo withdrawn (48.0p a kilo withdrawn): 22-25.5 kilos, 57.5p (58.5p a kilo withdrawn). Light cows 47.5p a kilo withdrawn (48.0p a kilo withdrawn).

*

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£4.00, medium £3.00, best small £3.00, £4.50, codlings £2.60-£3.80. Large haddock £3.60-£4.60, medium £3.30-£4.20, small £1.80-£2.50. Large plaice £3.50-. Skinned dogfish (medium) £12.00. Lemon soles (large) £9.00, (medium) £8.00. Saithe £2.00-£2.90.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Mar. 20 1980 | + or — | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt | $1950/1950 | +10 | $2180/22 |
| Copper | | | |
| Cash w'bar | £1,035 | +8 | £1,837 |
| 3 mths | £1,045.6 | +3 | £1,256.5 |
| Cash Cathode | £988.5 | +0.6 | £1,188 |
| 3 mths | £1,019 | +4.5 | £1,221.5 |
| Gold troy oz | $553 | +55 | $657.5 |
| Lead cash | £517.5 | —0.6 | £497.5 |
| 3 mths | £469.875 | +12.87 | £485.5 |
| Nickel | £3,335 | ...... | £3,185.78 |
| Freemkt(cif)lb | 295/310c | ...... | 305/330c |
| Platin'm'r'y oz | £189.0 | ...... | £189 |
| Free mkt | $509.45 | +21.5 | $380-409 |
| Quicksil'ver | $395/405 | ...... | ...... |
| Silver troy oz | 1026.50p | +85.4 | 1466.39p |
| 3 months | 1058.50p | +85.5 | 1577p |
| Tin Cash | £7,832.5 | +57.5 | £7,525 |
| 3 mths | £7,867.5 | +85 | £7,515 |
| Tungsten22.04lb | $141.14 | ...... | $139.11 |
| Wolfrm 22.04 lbs | $147/161 | ...... | $136/142 |
| Zinc cash | £328 | +2 | £391 |
| 3 months | £333.5 | +2 | £402.5 |
| Producers | $825 | ...... | $825 |
| Oils | | | |
| Coconut (Phil) | $750r | —10 | $835 |
| Groundnut | ‡ | ...... | ‡ |
| Linseed Crude | £455 | —5 | £446 |
| Palm Malayan | $640v | +7.5 | $670 |
| Seeds | | | |
| Copra Philip | $610 | +5 | $547.50 |
| Soyabean(U.S.) | $279.65s | +5.85 | $286.90 |
| Grains | | | |
| Barley Futures | £94.18 | —0.46 | £99.85 |
| Maize | | | |
| French No3AM | £116 | ...... | £116.25 |
| Wheat | | | |
| No. 1 Red Spg | ‡ | ...... | ‡ |
| No2HardWint | ‡ | ...... | £95.76 |
| Eng. Millingt | ‡ | ...... | ‡ |
| Other commodities | | | |
| Cocoa ship't | £1,463 | +4 | £1,460 |
| Future May | £1,427.5 | +4.5 | £1,427 |
| CoffeeF't'rMay | £1,669 | +38 | £1,557.5 |
| Cotton A.Index | 99.55c | +1.1 | 95.35c |
| Rubber (kilo) | 68.50p | +0.8 | 76p |
| Sugar (Raw) | £210 | +2 | £251 |
| Woolt'ps 64s kl | 308p kilo | ...... | 297pkilo |

s June. v May. t March-April. u April. w April/May. x July. z Indicator. § Buyer. † Per 76 lb flask.

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 65.0 to 69.0; Eire hindquarters 77.0 to 81.0, forequarters 48.0 to 50.0. Lamb: English small 50.0 to 74.0, medium 64.0 to 72.0, heavy 60.0 to 64.0. Scottish medium 50.0 to 74.0. Imported frozen: NZ PL 52.0 to 53.0, PM 51.0 to 51.5. Pork: English, under 100 lb 38.0 to 49.0, 100-120 lb 37.0 to 48.5, 120-160 lb 37.0 to 44.5.

MEAT COMMISSION—Average fatstock prices at representative markets on March 20. GB—Cattle 85.08p per kg lw (+3.01). UK—Sheep 186.3p per kg est dcw (+1.8). GB—Pigs 70.3p per kg lw (+1.3).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navels 4.00-4.80; Jaffa: Shamouti 60/180s 4.20-5.45; Moroccan: 64/113s 4.00-4.50; Cypriot: Valencia Lates 3.60-4.20. Ortaniques—Jamaican: 54/126s 6.50-7.00. Mandarins—Spania: 4.50-5.50. Lemons—Italian: 100/150s 4.40-4.50; Cypriot: 15 kg 64/120s 3.40-4.30; Californian: 99/165s 4.80-6.00; S. African: 80/120s 5.20-5.90. Grapefruit—Cypriot: 20 kg 3.40-4.50; Jaffa: large boxes 32/88s 4.00-4.80.

English Produce: Potatoes—per bag 2.40-2.80. Mushrooms—per pound 0.60-0.70. Apples—per pound Bramley 0.09-0.15, Cox's Orange Pippin 0.12-0.20. Pears—per pound Conference 0.07-0.16, Comice 0.18-0.22. Swedes—per 25/28 lb 0.70-0.80. Turnips—per 28 lb 1.40-1.50. Sprouts—per pound 0.80-0.10. Carrots—per bag 1.20-1.50. Cabbages—per bag 1.20. White 1.50. Cucumbers—trays 19/20s 3.50-4.20, prepack 16/20s 4.30-4.50. Tomatoes—per pound 0.60-0.65. Lettuces—per 12, round 0.90-1.00. Parsnips—per 28 lb 1.50-2.00. Rhubarb—per pound forced 0.15-0.18, indoor 0.12-0.13. Onions—per bag 4.00-4.50. Beetroots—per bag, round 1.40, long 1.60.

# AMERICAN MARKETS

NEW YORK, March 19.

GENERAL BUYING in gold and spot silver resulted in major or limit advances. Copper followed gold in a somewhat restrained way. Trade and speculative buying advanced cotton and sugar prices. Cocoa was mixed on arbitrage sales against the dollar while coffee traded in a thin market with a high spot and little change in the distant months. Grains and soyabeans rallied on indications that the government may provide higher floor prices. The livestock complex generally finished higher in anticipation of a bullish pig crop report Thursday, except for live cattle which finished mixed, reported Heinold.

Cocoa—March 134.00 (133.75), May 136.60 (137.00), July 135.60, Sept. 138.50, Dec. 3080, March 3140, May ——, July ——. Sales: 914.

Coffee—"C" Contract: March 181.00 (178.50), May 197.80-188.25 (187.29), July 194.25-194.50, Sept. 198.25-198.50, Dec. 190.65, March 182.00-182.50, May 182.00, July 181.75. Sales: 4,050.

Copper—March 96.50 (96.20), April 97.30 (95.90), May 98.30-99.00, July 101.70-102.20, Sept. 104.60, Dec. 107.30-108.00, Jan. 108.50, March 110.50, May 112.50, July 114.50, Sept. 116.50, Dec. 119.50, Jan. 120.50. Sales: 7,000.

Cotton—No. 2: May 85.62 (83.62), July 84.35-84.55 (82.57), Oct. 79.70, Dec. 75.80-75.85, March 76.15, May 77.00, July 77.40, Sept. ——. Sales: 14,550.

*Gold—March 549.0-552.0 (486.5), April 538.5, May 546.5, June 554.5, Aug. 570.5, Oct. 586.5, Dec. 602.5, Feb. 618.5, April 634.5, June 650.5, Aug. 666.3, Oct. 682.5, Dec. 698.6. Sales: 30,000.

Orange Juice—May 96.80 (97.55), July 98.10-98.20 (98.70), Sept. 99.90, Nov. 101.60-101.75, Jan. 103.00-103.40, March 103.75, May 104.70-104.90, July 105.20-105.75. Sales: 301.

*Platinum — March 686.0-690.0 (578.0), April 685.0-700.0 (680.1), May unquoted, July 720.0-725.0, Oct. 758.5, Jan. 793.5, April 829.5, May unquoted. Sales: 2,493.

Potatoes (round whites)—April 46.0-46.5 (45.7), May 52.3-52.5 (52.3), Nov. 73.8-74.7. Sales: 301.

¶Silver—March 2030.0-2060.0 (1780.0), April 2662.0 (2762.0), May 2705.0, July 2775.0, Sept. 2847.0, Dec. 2927.0, Jan. 2954.0, March 3008.0, May 3062.0, July 3116.0, Sept. 3170.0, Dec. 3240.0, Jan. 3264.0. Sales: 4,500. Handy and Harman bullion spot 1976.00 (1650.00).

Sugar—No. 11: May 20.10-20.40 (19.52), July 20.96-21.05 (20.56), Sept. 21.35-22.05, Oct. 22.40-22.50, Jan. 23.20, March 24.08, May 24.00, July 24.15. Sales: 15,385.

Tin—806.00-820.00 asked (803.00-820.00).

CHICAGO, March 19.

Lard—Chicago loose 19.50 (19.75). New York prime steam unavailable.

Live Cattle—April 67.92-67.60 (68.15), June 70.05-70.10 (70.10), Aug. 69.77-69.65, Oct. 68.65-68.45, Dec. 69.92, Jan. 69.70, Feb. 70.10-70.15.

Live Hogs—April 36.55-36.60 (35.95), June 40.30-40.55 (40.37), July 42.45-42.32, Aug. 41.55-41.65, Oct. 40.90-41.10, Dec. 44.10-44.00, Feb. 45.00, April 44.80, June 46.75.

‡‡Maize—March 265¾ (261¾), May 272½-273¼ (270¾), July 285¾-286, Sept. 295¾-295½, Dec. 304, March 316¾.

Pork Bellies — March 45.15-45.25 (44.30), May 46.60-46.45 (45.70), July 47.40-47.70, Aug. 46.40-46.25, Feb. 57.10-57.25, March 57.50, May 58.50, July ——, Aug. ——.

Silver—March 2150.0 (1830.0), April 2160.0-2180.0 (1860.0), June 2615.0, Aug. 2675.0, Oct. 2735.0, Dec. 2790.0, Feb. 2850.0, April 2915.0, June 2970.0, Aug. 3030.0, Oct. 3090.0, Dec. 3150.0, Feb. 3210.0, April 3270.0, June 3330.0, Aug. 3390.0.

†Soyabeans—March 619 (615), May 637-636 (633½), July 661½-660½, Aug. 672½-671½, Sept. 661½, Nov. 697½-697, Jan. 715, March 734½.

‖Soyabean Meal — March 169.00 (167.60), May 174.90-174.70 (174.00), July 181.90-181.60, Aug. 184.90, Sept. 188.50, Oct. 191.50, Dec. 195.50-195.70, Jan. 198.00-197.50, March 203.00-202.80, May 206.00-206.50.

Soyabean Oil—March 22.28-22.30 (22.10), May 22.58-22.55 (22.43), July 23.17-23.20, Aug. 23.50, Sept. 23.75, Oct. 24.05, Dec. 24.42-24.45, Jan. 24.60, March 24.90, May 25.25-25.30.

†Wheat—March 418½ (416¾), May 430½-429½ (427¾), July 438½-439, Sept. 453-453½, Dec. 470½-471½, March 485½.

WINNIPEG, March 19. §Barley—March 113.60 (113.10), May 118.30 (115.70), July 119.20, Oct. 116.80, Dec. 115.40.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 219.90 (218.90).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

# EUROPEAN MARKETS

ROTTERDAM, March 20.

Wheat—U.S. No. 2 Red Winter May $194, June $190, July $189, Aug. $188. U.S. No. 2 Northern Spring, 14 per cent, March $195, April $195, May $194, June $195, July $198, Aug. $199, Sept. $201, Oct. $206, Nov. $207.50, Dec. $212. Rest unquoted.

Soyabeans—U.S. Two Yellow Gulfports March $261.25, April $264.25, May $266, June $271.50, July $274.50, Aug. $278, Sept. $282, Oct. $284.25, Nov. $284.25, Dec. $290.50, Jan. $294.74, Feb. $301.50, March $304.

Soyameal—44 per cent protein U.S. afloat $226, April $227, May $227, June $228.50, Aug.-Sept. $231, Nov.-March $250. Brazil Pellets March $235, April $233, June-July $237, Aug.-Sept. $237.

PARIS, March 20.

Cocoa (FFr per 100 kilos)—March 1300, May 1338-1350, July 1345, Sept. 1365-1375, Dec. 1372-1380, March 1383-1395. Sales at call 0.

Sugar (FFr per 100 kilos)—May 2150-2165, July 2170-2210, Aug. 2245-2249, Oct. 2300-2315, Nov. 2290, Dec. 2350-2400, March 2380, May 2420. Sales at call 7.

## INDICES

### FINANCIAL TIMES

| Mar. 19 | Mar. 18 | M'nth ago | Year ago |
|---|---|---|---|
| 296.79 | 292.49 | 299.19 | 275.19 |

(Base: July 1, 1952=100)

### MOODY'S

| Mar. 19 | Mar. 18 | M'nth ago | Year ago |
|---|---|---|---|
| 1207.2 | 1166.7 | 1377.1 | 1064.7 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Mar. 19 | Mar. 18 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 432.11 | 418.06 | 442.67 | 380.05 |
| F'tur's | 435.71 | 455.59 | 464.97 | 385.15 |

(Average 1924-25-26=100)

### REUTERS

| Mar. 20 | Mar. 19 | M'nth ago | Year ago |
|---|---|---|---|
| 1748.4 | 1740.2 | 1775.4 | 1570.6 |

(Base: September 18, 1931=100)



GOLD FIELDS GROUP

NOTICE RE CLOSING OF REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the REGISTERS OF MEMBERS of the undermentioned companies will be CLOSED for the purpose of the Annual General Meetings as follows:

| Name of Company (Each incorporated in the Republic of South Africa) | Register of Members closed (both days inclusive) |
|---|---|
| Deelkraal Gold Mining Company Limited | 4 April to 11 April, 1980 |
| East Driefontein Gold Mining Company Limited | 4 April to 11 April, 1980 |
| Vlakfontein Gold Mining Company Limited | 4 April to 11 April, 1980 |

London Office:
49 Moorgate,
London, EC2R 6BQ.
20 March, 1980

By order of the boards,
C. E. WENNER,
London Secretary.

# Markets featured by fresh gains in Gold shares and Australian issues—Equity leaders quietly steady

**Account Dealing Dates**
**Options**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Mar. 10 | Mar. 20 | Mar. 21 | Mar. 31 |
| Mar. 24 | Apr. 10 | Apr. 11 | Apr. 21 |
| Apr. 14 | Apr. 24 | Apr. 25 | May 6 |

* "New time" dealings may take place from 6 a.m. two business days earlier.

South African Gold shares and to a lesser extent Australian exploration issues stole the limelight again in stock markets yesterday. Renewed strength in both sectors followed widespread fresh demand in the wake of the continued bullion price recovery. The further substantial gains in share prices were reflected in another upward surge in the FT Gold Mines index, which rose 20.7 more to 315.0 for a two-day rise of nearly 50 points.

A steady flow of company trading statements provided the day's only source of interest for the equity sectors. Among the top names reporting, Barclays Bank rounded off the clearing banks' dividend season with preliminary figures at the best end of market expectations accompanied by a proposed one-for-five scrip issue but closed only a few pence higher at 415p.

Continuing Budget uncertainties again inhibited investment incentive in most sectors, while the Bank of England's call to maintain a restrictive monetary policy together with the lack of any major surprises in the long-awaited consultative documents on monetary base control did little to lift the apathy. As a consequence, trading remained at an extremely low level throughout the two main investment sections.

Nevertheless, after an uncertain start, leading shares gradually edged higher and the FT 30-share index regained a 10 am fall of 1.4 to close 1.2 up on balance at 433.2. Small institutional inquiries and occasional new-time buying for the Account starting next Monday helped, but the better trend mainly reflected the absence of any worthwhile selling.

With the papers on monetary control containing few suggestions of change other than those anticipated, the market in Gilt-edged securities continued to trade quietly. Mediums and longs were virtually unchanged throughout the session, while the shorts eased about ⅛; the exceptions were the Variable coupon stocks which responded to renewed investment demand. The 1983 stock rose ⅛ to 93½ and the two shorter issues gained around ⅛ apiece.

Traded options remained subdued with only 369 deals completed. The only issue to attract a reasonable business was Cons. Gold Fields with 169 contracts.

## C. T. Bowring pleases

C. T. Bowring, which is currently trying to stave off an unwelcome 163p per share bid from the U.S. concern Marsh and McLennan, stood out in Insurance brokers yesterday with a rise of 5 to 132p, after 134p, in response to the better-than-expected preliminary profits. Other issues improved in sympathy with Alexander Howden particularly favoured at 110p, up 5; the annual results are due next Thursday. Willis Faber continued firmly at 250p, up 2, while Hogg Robinson closed a like amount better at 107p.

Preliminary profits at the top end of market estimates and a proposed 20 per cent scrip-issue prompted a gain of 3 in Barclays at 415p and brought the clearing bank dividend season to a highly satisfactory close. Elsewhere in the banking sector, UDT rose 3 to 55p on a Press suggestion that Citibank of the U.S. may soon launch a full-scale bid for the company.

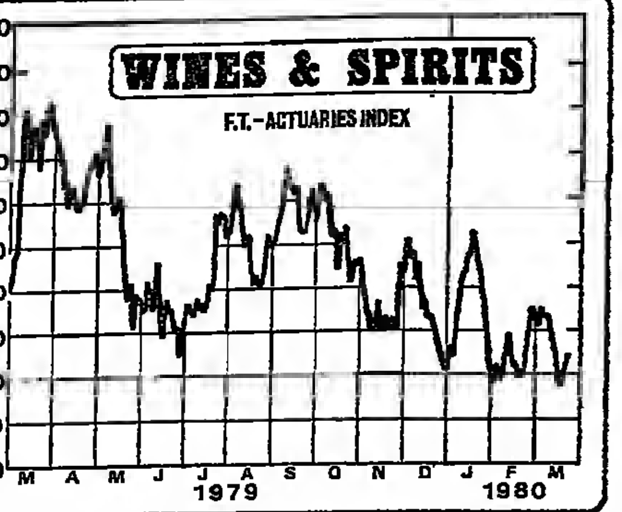
Timber shares attracted fresh speculative support. Montague L. Meyer put on 10 to 118p, while Mallinson-Denny added 4½ at 64p and Magnet and Southerns 4 at 172p. Elsewhere in Buildings, Sharpe and Fisher hardened a penny to 45p in response to the preliminary results. Walter Lawrence improved 3 to a 1979-1980 peak of 102p, but Tilbury Contracting encountered fresh selling and shed 5 further to 165p. Countryside eased 2 to 82p. Leading issues remained subdued, barely stirring from overnight levels.

ICI improved 6 to 370p in thin trading. Among other Chemicals, Dixor-Strand tentatively dropped to 10p on the annual loss and dividend omission, but rallied to close a net 4 higher at 21p helped by the proposal to inject £0.5m of further equity and loan capital.

## Harris Queensway down

Interest in the Stores sector waned considerably ahead of next Wednesday's Budget. Harris Queensway came on offer at 182p, down 4; the preliminary results are due on April 23. Bambers lost 3 to 90p but House of Lerose added that much to 59p on further consideration of the better-than-expected annual figures. W. L. Pawson edged forward a penny to 40p in response to Press comment, while Gussies A fared well among the quietly firm leaders with a rise of 4 to 386p. Marks and Spencer hardened a penny to 88p.

A broker's bullish circular prompted firmness in Racal which touched 216p before settling for a net rise of 2 at 213p. Decca A rose 10 to 510p in sympathy. Other Electrical majors also tended to higher levels with GEC closing 3 better at 367p. Philips' Lamps dipped 10 to 390p on the reduced annual profits, while Pressac plummeted 7 to 33p for a similar reason. Support was again forthcoming for Unitech, 7 up at 275p, while further speculative demand lifted Muirhead 11 for a two-day gain of 18 at 202p.




Although already braced for a disappointing set of preliminary figures from Stone Platt, news of the near £3m deficit and omission of the final dividend depressed jobbers sufficiently for them to mark the share price down 6 to a year's low of 36p. Elsewhere, further consideration of the second-half loss and dividend omission clipped a further 3 from Weir at 37p, making a two-day decline of 17. Wolseley Hughes, on the other hand, jumped 24 to 292p in response to the sharp increase in interim earnings and proposed 20 per cent scrip-issue, while Bronx edged forward a penny to 27p on the results and proposed 100 per cent scrip-issue. The Engineering leaders closed a shade easier for choice with Tubes a couple of pence off at 278p after comment on the results.

In quietly firm Foods, Associated Dairies improved 6 to 180p and Tesco hardened a fraction to 58½p. Bejam, still responding to the good half-yearly results, added a penny more at 62p. RHM attracted late support and firmed 1½ to 48½p, while Northern improved a couple of pence to 124p. Elsewhere, Avana put on 8 to 118p, after 120p, as bid hopes revived, and Louis C. Edwards added 2 to 56p on news that Gulliver Foods had increased its share stake in the company to 16.6 per cent.

Among Hotels and Caterers, Comfort came in for support and gained 1½ to 24p, but Swan Ryan shed a penny to 17p on scattered selling.

## Hepworth Ceramic good

Miscellaneous industrials provided several features. Hepworth Ceramic stood out with a rise of 7 to 104½p in response to the better-than-expected annual profits, while Channel Tunnel rebounded 20 to 190p on renewed optimism that the "chunnel" project will be financed by private capital now that the Government has publicly stated that it will not submit public funds. Stoddy were marked up a couple of pence to 175p on the favourable results, while Press-inspired improvements of 5 and 10 respectively were seen in AGB Research, 162p, and John Baker, 160p. George Ewer hardened 1½ to 52½p, also after an investment recommendation and Cope Allman edged forward a penny to 62p on the interim results. Johnson Matthey firmed 8 afresh to 270p on consideration of its precious metal interests. James Wilkes, however, fell 4 to 38p in reaction to the disappointing full-year figures. The majors plotted an irregular course in thin trading. Sentiment in Turner and Newall remained depressed by last week's disappointing results and the shares drifted down 3 further to 100p. Boots and Bowater eased a penny apiece to 181p and 167p respectively, but Unilever added 4 to 424p and Beecham improved 3 to 121p.

Companies reporting trading results again made the running in Motors. Among Distributors, Lex Service added 3 to 90p in response to the preliminary statement, while Tate of Leeds picked up a couple of pence to 84p after substantially higher full-year profits. British Car Auction with interim results due next Monday, rose 4 to 68p. Elsewhere, Armstrong Equipment firmed 1½ more to 52p on further consideration of Wednesday's half-timer. Automotive Products hardened a penny to 66p still benefiting from a new transmission development.

Newspapers were quietly firmer. News International added a couple of pence to 150p, while Daily Mail A put on 3 at 463p. Liverpool Daily Post and Echo held at the overnight level of 118p following the standstill in full-year profits, but publishers William Collins, annual results Monday, added 3 to 105p. Elsewhere, Mills and Allen eased 4 to 306p despite announcing higher interim profits and dividend, while Richard Clay fell 3 more to 81p. DRG, on the other hand, continued to draw strength from the preliminary figures and firmed 2 to 103p.

Leading Properties held up well despite the Bank's view that high interest rates, are likely to prevail for some time. MEPC edged forward 3 to 191p, but Land Securities stayed at the overnight level of 288p. Haslemere Estates and Great Portland Estates shed 2 apiece to 294p and 225p respectively, while Peachey eased a penny to 126p. Second City Properties improved 2 to 52p on the interim revenue increase and Winston Estates the turn to 49p following the preliminary results. Elsewhere, recently dull Fairview Estates picked up 9 at 232p, but Imry encountered further selling and shed 10 more to 580p.

## Oil rally continues

Oils continued to trade relatively well with sentiment helped by Wall St. influences and by Tricentrol's good preliminary results. More-than-doubled profits and a sharp dividend increase, coupled with the company's bullish statement on U.S. expansion, lifted Tricentrol 8 to 290p, after 292p, while Lasmo, which announces preliminary figures next Tuesday, put on 17 to 452p. Increased speculative interest prompted a gain of 7 to 90p in Carless Capel, while Attock improved 8 to 192p. Of the leaders, BP added 4 at 360p, but Shell eased 2 to 360p. Among overseas issues, SASOL benefited from the renewed general buoyancy in South African stocks and touched 158p before settling 4 higher on balance at 154p. The oil discovery in Louisiana put Weeks Petroleum up 30 for a two-day gain of 45 to 365p, while National Carbonising, which holds a 7.25 per cent stake in Weeks, firmed 12 to 126p, after 130p.

Awaiting further news of last month's bid approach, City and International rose 6 to 126p. Elsewhere in financial Trusts, Crescent Japan added 4 to 128p, while Majedie, reflecting the buoyant rubber sector, closed 6 up at 94p.

Fears that C. Y. Tung's 420p offer for the company will be referred to the Monopolies Commission continued to unsettle Furness Whithy, 8 off at 380p. Other Shippings trended a shade easier, but Ocean attracted support and ended 4 to the good at 104p.

South African industrials continued firmly. Barlow Rand rose 10 to 400p, while South African Breweries added 6 at 126p.

Forecasts that commodity prices are set to move higher still encouraged Plantations. Castlefield advanced 27 to 502p, and Inch Kenneth Kajang closed 12 better at 233p. Guthrie added 10 more to 800p on hopes of a renewed offer from Sime Darby.

## Golds up again

South African Golds continued their revival as the bullion price advanced a further $33 to $553 an ounce. The Gold Mines index gained 20.7 more to 315.0, a recovery of 49.5, or nearly 19 per cent, over the past two days.

The market got off to a firm start as jobbers marked up share prices following large-scale overnight buying in New York. Modest local and overseas interest was noted during the early trading but this petered out over around lunchtime period. Little fresh interest was reported during the afternoon and late trading but prices managed to hold their morning levels.

Among the heavyweights, rises of £2 were common to Randfontein and Vaal Reefs at £31 and £25 respectively, while West Driefontein added £1¾ at £29½ and Free State Geduld a like amount at £23⅞. President Brand, President Steyn and St. Helena were all a point to the good at the common price of £15½.

Prominent in the medium and lower-priced issues were Southvaal, 102 higher at 978p, Doornfontein, 84 better at 614p and Wit. Nigel, which climbed 23 to 123p.

The renewed buoyancy in precious and base-metal prices helped Financials take Wednesday's recovery a stage further. In South Africans, General Mining advanced 60 to 810p, Anglo American 45 to 565p and UC Investments 50 to 525p. De Beers improved 25 to 442p. London issues moved up during the morning but eased towards the close on profit-taking. Gold Fields were finally 17 up on balance at 490p, after 493p, while Rio Tinto-Zinc hardened 3 to 367p, after 372p.

Platinums made progress with Rustenburg 13 higher at 228p. In Copper Palabora gained 25 to 675p following the chairman's statement.

A heavy two-way trade was reported in Australians. Among the leaders, Conzinc Riotinto put on 18 to 258p and North Broken Hill rose 8 to 164p, while gains of 20 were common to Pancontinental, 315p, Peko-Wallsend, 385p, and Poseidon, 118p. Speculatives showed Samantha 10 higher at 86p.

## FINANCIAL TIMES STOCK INDICES

| — | Mar. 20 | Mar. 19 | Mar. 18 | Mar. 17 | Mar. 14 | Mar. 13 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 64.34 | 64.40 | 64.16 | 64.15 | 64.22 | 64.10 | 72.20 |
| Fixed Interest | 64.76 | 64.72 | 64.73 | 64.75 | 64.80 | 64.82 | 75.24 |
| Industrial | 433.2 | 432.0 | 431.7 | 433.2 | 439.6 | 447.0 | 614.6 |
| Gold Mines | 315.0 | 294.3 | 265.5 | 271.3 | 286.5 | 299.5 | 166.1 |
| Ord. Div. Yield | 7.23 | 7.60 | 7.63 | 7.92 | 7.78 | 7.65 | 5.56 |
| Earnings, Yld. % (full) | 12.75 | 20.34 | 20.43 | 20.39 | 20.07 | 18.62 | 14.74 |
| P/E Ratio (net) (*) | 6.12 | 5.27 | 5.94 | 0.96 | 6.05 | 6.56 | 8.65 |
| Total bargains | 20,919 | 16,742 | 22,361 | 18,722 | 17,420 | 18,460 | — |
| Equity turnover £m | — | — | 111.29 | 79.38 | 95.00 | 87.46 | 155.78 |
| Equity bargains total | — | — | 17,900 | 13,321 | 12,846 | 14,008 | 27,864 |

10 am 430.8. 11 am 432.0. Noon 432.5. 1 pm 433.0. 2 pm 433.0. 3 pm 433.2.

Latest Index 01-246 8026.

*Nil = 5.92.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1979/80 High | 1979/80 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 76.91 (4/5) | 63.30 (16/12) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 77.76 (5/5) | 64.06 (15/11) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 558.6 (4/5) | 406.3 (15/11) | 558.6 (4/5/79) | 46.4 (26/6/40) |
| Gold Mines | 377.6 (29/2/80) | 129.2 (17/4) | 442.3 (22/5/57) | 43.5 (26/10/71) |

### S.E. ACTIVITY

| | Mar. 20 | Mar. 19 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 137.2 | 159.5 |
| Industrials | 124.0 | 136.1 |
| Speculative | 57.2 | 47.2 |
| Totals | 86.4 | 65.3 |
| 5-d'y Av'r'ge | | |
| Gilt Edged | 125.0 | 120.6 |
| Industrials | 123.8 | 120.5 |
| Speculative | 35.6 | 62.5 |
| Totals | 86.4 | 84.4 |

## NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80

**NEW HIGHS (5)**

BEERS (1)
Boddingtons
BUILDINGS (1)
Lawrence (W.)
STORES (1)
Henriques "A"
TRUSTS (1)
Bremar Trust
OVERSEAS TRADERS (1)
Assam Trading

**NEW LOWS (30)**

AMERICANS (3)
Caterpillar, IBM, Citicorp
CANADIANS (1)
Hollinger
BANKS (1)
Bank of Scotland
BUILDINGS (1)
Tilbury Contracting
CHEMICALS (1)
Dixor-Strand
ELECTRICALS (1)
Chloride
ENGINEERING (3)
Ratcliffe Inds., Weir Group, Stone-Platt
INDUSTRIALS (11)
Airfix Inds., Rexmore, Austin (F.) (Leyton), Solicitors' Law, Black Arrow, Turner & Newall, Dykes (J.), United Guarantee, Hirst & Mallinson, Wilkes (J.), Prestige
MOTORS (2)
Bluemel Brothers, Kenning Motor
NEWSPAPERS (2)
Websters, Wilson Brothers
PAPER (1)
Clay (Richard)
TEXTILES (2)
Cawdaw, Youghal, Tomkinsons

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | April Closing offer | April Vol. | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 350 | 17 | 61 | — | — | — | — | 361p |
| BP | 390 | — | — | 20 | 1 | 52 | — | " |
| Com. Union | 130 | 7 | — | 13 | 12 | 19 | 12 | 135p |
| Cons. Gold | 420 | 74 | 6 | 108 | .. | — | .. | 489p |
| Cons. Gold | 460 | 42 | 39 | 70 | 3 | 82 | — | " |
| Cons. Gold | 500 | 22 | 54 | 46 | 6 | 68 | 1 | " |
| Cons. Gold | 360 | 4 | 43 | 28 | 10 | 40 | 2 | " |
| Courtaulds | 80 | 2 | — | 4 | — | 6 | 1 | 70p |
| Grand Met. | 140 | 2 | 41 | 8½ | — | 10 | — | 123p |
| Land Secs. | 300 | 6 | — | 18 | — | 30 | 1 | 288p |
| Marks & Sp. | 80 | 10 | 13 | 14 | — | 16½ | — | 88p |
| Marks & Sp. | 90 | 4½ | — | 2 | 3 | 12½ | — | " |
| Shell | 360 | 12 | 2 | 28 | — | 56 | — | 361p |
| Shell | 390 | 5 | — | 16 | 2 | 22 | 1 | " |
| Totals | | | 248 | | 42 | | 18 | |
| | | **May** | | **August** | | **November** | | |
| Racal Elec. | 180 | 36 | 6 | 42 | — | — | — | 215p |
| Racal Elec. | 200 | 12 | 21 | 28 | 1 | 36 | — | " |
| Racal Elec. | 220 | 7 | 21 | 10 | — | 26 | — | " |
| Racal Elec. | 240 | 3 | — | 10 | 2 | — | — | " |
| RTZ | 360 | 35 | 2 | 50 | 6 | 68 | 3 | 369p |
| RTZ | 360 | 17 | 2 | 36 | 1 | 50 | — | " |
| RTZ | 420 | 6 | 12 | 26 | 2 | 36 | — | " |
| RTZ | 500 | 1 | — | 9 | 1 | — | — | " |
| Total | | | 63 | | 12 | | 8 | |

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 9 | 21 | 50 |
| Corpns. Dom. and Foreign Bonds | 5 | 7 | 53 |
| Industrials | 221 | 241 | 936 |
| Financial and Prop. | 84 | 107 | 309 |
| Oils | 19 | 4 | 13 |
| Plantations | 13 | 1 | 12 |
| Mines | 107 | 1 | [illegible] |
| Others | 45 | 33 | [illegible] |
| Totals | 515 | 419 | 1,4[illegible] |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

| | Equity groups & sub-sections | Thurs., Mar. 20, 1980 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Wed., Mar. 19 Index No. | Tues., Mar. 18 Index No. | Mon., Mar. 17 Index No. | Fri., Mar. 14 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (172) | 231.81 | +0.1 | 18.74 | 6.78 | 6.73 | 231.48 | 231.32 | 233.94 | 237.55 | 260.06 |
| 2 | Building Materials (28) | 227.29 | +1.0 | 17.45 | 6.88 | 7.32 | 224.93 | 224.89 | 228.39 | 231.37 | 241.26 |
| 3 | Contracting, Construction (28) | 355.06 | −0.3 | 26.86 | 6.85 | 4.54 | 356.26 | 357.04 | 362.44 | 365.35 | 392.47 |
| 4 | Electricals (15) | 600.40 | +0.3 | 13.45 | 4.16 | 9.91 | 598.58 | 600.13 | 604.01 | 611.60 | 619.80 |
| 5 | Engineering Contractors (11) | 273.71 | +1.5 | 27.06 | 9.33 | 4.70 | 269.73 | 268.22 | 274.46 | 277.11 | 401.21 |
| 6 | Mechanical Engineering (74) | 156.25 | −0.6 | 21.34 | 8.38 | 5.85 | 157.22 | 157.20 | 159.46 | 162.58 | 197.13 |
| 8 | Metals and Metal Forming (16) | 159.50 | −0.2 | 21.56 | 9.71 | 5.53 | 159.87 | 157.85 | 158.63 | 162.75 | 172.88 |
| 11 | CONSUMER GOODS (DURABLE) (50) | 211.99 | +0.4 | 16.78 | 5.88 | 7.32 | 211.13 | 209.29 | 210.39 | 214.17 | 235.25 |
| 12 | Lt. Electronics, Radio, TV (15) | 301.33 | +0.5 | 12.76 | 4.41 | 10.05 | 299.96 | 297.00 | 298.24 | 303.53 | 314.87 |
| 13 | Household Goods (14) | 104.16 | −0.3 | 28.53 | 10.53 | 4.14 | 104.47 | 103.55 | 105.46 | 106.51 | 171.48 |
| 14 | Motors and Distributors (21) | 105.41 | +0.4 | 25.28 | 8.88 | 4.64 | 104.98 | 104.38 | 104.94 | 107.08 | 124.19 |
| 21 | CONSUMER GOODS (NON-DURABLE) (173) | 212.91 | +0.6 | 19.02 | 7.24 | 6.47 | 211.57 | 211.14 | 212.92 | 216.06 | 240.75 |
| 22 | Breweries (14) | 257.50 | +0.9 | 17.17 | 6.82 | 6.84 | 255.27 | 254.42 | 256.83 | 260.76 | 255.80 |
| 23 | Wines and Spirits (5) | 294.49 | +0.9 | 18.43 | 6.29 | 6.70 | 291.93 | 288.12 | 288.66 | 293.87 | 337.63 |
| 24 | Entertainment, Catering (17) | 289.03 | +0.2 | 19.26 | 7.27 | 6.49 | 288.43 | 286.22 | 287.71 | 294.15 | 323.03 |
| 25 | Food Manufacturing (19) | 189.02 | +0.8 | 21.54 | 8.03 | 5.73 | 187.43 | 187.29 | 189.61 | 193.17 | 221.60 |
| 26 | Food Retailing (15) | 296.34 | +1.1 | 14.01 | 5.09 | 8.52 | 293.23 | 292.36 | 294.17 | 298.40 | 285.57 |
| 32 | Newspapers, Publishing (13) | 405.87 | +0.1 | 24.86 | 7.49 | 5.49 | 405.65 | 406.20 | 410.92 | 418.39 | 433.60 |
| 33 | Packaging and Paper (15) | 125.30 | −0.1 | 24.17 | 9.17 | 5.23 | 125.40 | 125.11 | 125.27 | 126.88 | 145.48 |
| 34 | Stores (43) | 214.32 | +0.6 | 14.35 | 5.36 | 9.02 | 213.02 | 212.97 | 215.13 | 218.11 | 233.01 |
| 35 | Textiles (24) | 124.68 | +0.4 | 28.48 | 12.35 | 4.42 | 124.18 | 125.50 | 126.35 | 127.23 | 182.16 |
| 36 | Tobaccos (3) | 197.76 | +0.5 | 29.45 | 11.89 | 3.85 | 196.77 | 196.28 | 197.86 | 198.86 | 271.12 |
| 37 | Toys and Games (5) | 31.63 | −1.6 | 47.54 | 16.04 | 2.59 | 32.15 | 32.58 | 32.73 | 33.61 | 93.09 |
| 41 | OTHER GROUPS (97) | 198.59 | +0.9 | 17.72 | 7.37 | 6.76 | 196.77 | 196.04 | 197.62 | 199.98 | 219.24 |
| 42 | Chemicals (17) | 293.92 | +1.2 | 21.12 | 8.16 | 5.42 | 290.32 | 290.29 | 290.76 | 291.84 | 306.48 |
| 43 | Pharmaceutical Products (7) | 205.51 | +1.5 | 12.47 | 6.36 | 9.73 | 202.55 | 202.60 | 201.83 | 205.84 | 271.52 |
| 44 | Office Equipment (6) | 110.88 | +0.6 | 19.17 | 7.37 | 6.02 | 110.24 | 111.63 | 112.97 | 114.58 | 145.52 |
| 45 | Shipping (10) | 453.15 | — | 11.68 | 7.13 | 10.92 | 452.94 | 450.11 | 457.40 | 460.73 | 429.51 |
| 46 | Miscellaneous (57) | 232.17 | +0.6 | 17.85 | 7.14 | 7.07 | 230.81 | 228.13 | 232.19 | 236.06 | 244.24 |
| 49 | INDUSTRIAL GROUP (492) | 220.99 | +0.6 | 18.47 | 7.05 | 6.66 | 219.76 | 219.19 | 221.13 | 224.33 | 247.54 |
| 51 | Oils (8) | 749.03 | +0.5 | 29.27 | 6.79 | 3.63 | 745.45 | 727.95 | 730.42 | 749.40 | 614.77 |
| 59 | 500 SHARE INDEX | 262.68 | +0.5 | 20.79 | 7.00 | 5.65 | 261.26 | 259.41 | 261.41 | 265.83 | 277.70 |
| 61 | FINANCIAL GROUP (118) | 188.45 | +0.3 | — | 6.13 | — | 187.89 | 187.12 | 188.68 | 191.82 | 196.61 |
| 62 | Banks (6) | 205.81 | +0.2 | 44.90 | 7.12 | 2.76 | 205.30 | 205.07 | 206.17 | 210.20 | 229.00 |
| 63 | Discount Houses (10) | 207.40 | — | — | 9.62 | — | 207.32 | 206.50 | 211.69 | 213.23 | 243.57 |
| 64 | Hire Purchase (5) | 185.68 | +2.0 | 17.69 | 5.35 | 7.34 | 181.97 | 181.63 | 182.03 | 186.48 | 176.24 |
| 65 | Insurance (Life) (10) | 167.82 | +0.3 | — | 6.38 | — | 167.26 | 166.67 | 168.59 | 171.21 | 154.39 |
| 66 | Insurance (Composite) (9) | 122.99 | +0.1 | — | 7.99 | — | 122.92 | 121.68 | 122.94 | 124.62 | 142.37 |
| 67 | Insurance Brokers (10) | 288.36 | +2.0 | 17.18 | 6.80 | 8.27 | 282.66 | 281.47 | 283.10 | 284.68 | 342.55 |
| 68 | Merchant Banks (14) | 99.61 | +0.3 | — | 6.38 | — | 99.36 | 99.36 | 101.17 | 101.68 | 92.20 |
| 69 | Property (45) | 356.08 | −0.1 | 3.66 | 3.11 | 39.23 | 356.34 | 355.21 | 358.08 | 365.61 | 332.88 |
| 70 | Miscellaneous (9) | 127.00 | +0.5 | 16.36 | 7.20 | 8.02 | 126.40 | 125.70 | 126.26 | 128.31 | 120.48 |
| 71 | Investment Trusts (109) | 204.96 | −0.3 | — | 6.35 | — | 205.63 | 205.11 | 210.12 | 212.80 | 228.93 |
| 81 | Mining Finance (4) | 191.23 | +1.8 | 12.05 | 4.62 | 10.07 | 187.80 | 178.41 | 179.95 | 188.49 | 131.87 |
| 91 | Overseas Traders (19) | 390.01 | +1.1 | 12.96 | 6.90 | 9.45 | 385.70 | 383.50 | 388.84 | 396.16 | 368.36 |
| 99 | ALL-SHARE INDEX (750) | 244.91 | +0.5 | — | 6.74 | — | 243.69 | 241.85 | 244.01 | 248.28 | 255.86 |

### FIXED INTEREST PRICE INDICES

| | British Government | Thurs., Mar. 20 | Day's change % | xd adj. today | xd adj. 1980 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 100.65 | −0.01 | — | 2.30 |
| 2 | 5-15 years | 108.51 | −0.04 | — | 2.54 |
| 3 | Over 15 years | 107.83 | — | — | 2.11 |
| 4 | Irredeemables | 118.68 | −0.26 | — | 1.78 |
| 5 | All stocks | 103.68 | −0.02 | — | 2.26 |

### FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

| | | | Thurs., Mar. 20 | Wed., Mar. 19 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 13.13 | 13.12 | 9.58 |
| 2 | | 15 years | 12.95 | 12.95 | 10.69 |
| 3 | | 25 years | 12.49 | 12.49 | 10.63 |
| 4 | Medium Coupons | 5 years | 15.04 | 14.99 | 11.36 |
| 5 | | 15 years | 14.54 | 14.53 | 12.15 |
| 6 | | 25 years | 14.33 | 14.33 | 12.37 |
| 7 | High Coupons | 5 years | 15.11 | 15.09 | 11.72 |
| 8 | | 15 years | 14.86 | 14.85 | 12.71 |
| 9 | | 25 years | 14.71 | 14.71 | 12.64 |
| 10 | Irredeemables | | 12.49 | 12.46 | 11.18 |

| | | Thurs., March 20 Index No. | Yield | Wed. March 19 | Tues. March 18 | Mon. March 17 | Fri. March 14 | Thurs. March 13 | Wed. March 12 | Tues. March 11 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 49.67 | 14.87 | 48.61 | 46.61 | 49.66 | 49.62 | 48.58 | 50.09 | 50.06 | 56.44 |
| 16 | Investment Trust Prefs. (15) | 47.91 | 15.86 | 47.91 | 47.91 | 47.61 | 47.61 | 47.70 | 47.70 | [illegible] | 50.15 |
| 17 | Coml. and Indl. Prefs. (20) | 61.38 | 14.89 | 61.52 | 61.24 | 61.34 | 61.31 | 61.43 | 61.35 | 61.35 | 71.18 |

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1979-80 high | 1979-80 low |
|---|---|---|---|---|---|---|
| Premier Cons. | 5p | 12 | 62½ | + 1½ | 87 | 15½ |
| Burmah Oil | £1 | 11 | 197 | + 1 | 249 | 82 |
| RTZ | 25p | 11 | 367 | + 3 | 492 | 226 |
| Tricentrol | 25p | 10 | 290 | + 8 | 336 | 148 |
| BAT Inds. | 25p | 9 | 233 | + 2 | 362 | 225 |
| Beecham | 25p | 9 | 121 | + 3 | 189 | 114 |
| Turner & Newall | £1 | 9 | 100 | − 3 | 176 | 100 |
| BP | 25p | 8 | 360 | + 4 | 414 | 220½ |
| GEC | 25p | 8 | 367 | + 3 | 456 | 311 |
| LASMO | 25p | 8 | 452 | +17 | 528 | 124 |
| Mills & Allen Intl. | 50p | 8 | 306 | − 4 | 320 | 185 |
| Racal Electronics | 25p | 8 | 213 | + 2 | 276 | 168½ |
| Shell Transport | 25p | 8 | 360 | − 2 | 410 | 278 |
| ICI | £1 | 7 | 370 | + 6 | 415 | 314 |
| North Kalgurli | A$0.30 | 7 | 60 | + 6 | 80 | 7½ |

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Mar. 17 | Mar. 28 | Jun. 26 | Jul. 7 |
| Mar. 31 | Apr. 11 | Jul. 10 | Jul. 21 |
| Apr. 21 | May 2 | Aug. 7 | Aug. 18 |

*For rate indications see end of Share Information Service*

Stocks favoured for the call included Premier Oil, Marshall Cavendish, Rothmans, Ashton Mining, BSG, Carless Capel, UDT, BP, Burmah, Shell, KCA, Lonrho, Ultramar, Belhaven, C.T. Bowring, Montague L. Meyer, Courtaulds, Marks and Spencer, Vickers, Town and City, and Ladbroke Warrants. Puts were completed in Ashton Mining, Tricentrol and MEPC, while a double was arranged in Rothmans.

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1979/80 High | 1979/80 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Berkley Exploration | [illegible] | |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Child Health Res'ch Inv. 10p | [illegible] | |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Com. Merchants [illegible] | [illegible] | |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Xeon Inv. Trust 5p | [illegible] | |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Rocke Plant 10p | [illegible] | |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Webber Electronics 1.5p | [illegible] | |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1979/80 High | 1979/80 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Aurora 3.85% Cum. Pref. | [illegible] | |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Clifford (Chas.) 13% Cum. Pref. | [illegible] | |
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | Felixstowe Dock 9¼% Cum. Red. Pref. | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Globe Inv. Tst. 11½% Conv. Uns. Ln. '90-95 | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Mid Kent Water 8% Red. Pref. 1985 | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Rk'm'nw'h & Uxbridge Wtr. 9% Red. Pf. 1985 | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Sutton District Water 10pc Red. Pref. 1985 | [illegible] | |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1979/80 High | 1979/80 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | F.P. | [illegible] | [illegible] | [illegible] | AGB Research | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Bank of Montreal | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Cliff Oil | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Edwards (Louis C.) | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Hammerson Prop. A | [illegible] | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | Pentos | [illegible] | |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at 70.50 per unit. † Dealings under special rule.

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

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Lloyds Bank International, Geneva
M & G Group
Midland Bank Tst. Corp. (Jersey) Ltd.
Samuel Montagu Ldn. Agents
Murray, Johnstone (Inv. Adviser)
Nat. Westminster Jersey Fd. Mgrs. Ltd.
Negit S.A.
Negit Ltd.
Pacific Basin Fund
Phoenix International
Providence Capitol Life Ass. (C.I.)
Quest Fund Mngmnt. (Jersey) Ltd.
Richmond Life Ass. Ltd.
Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.56 9.77
Royal Trust (C.I.) Fd. Mgt. Ltd.
Save & Prosper International
Schlesinger International Mngt. Ltd.
Schroder Life Group
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
Singer & Friedlander Ldn. Agents
Standard Chartered Intl. Bd. Fd.
Stronghold Management Limited
Surinvest (Jersey) Ltd. (x)
Surinvest Trust Managers Ltd.
TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.
Tokyo Pacific Holdings N.V.
Tokyo Pacific Hldgs. (Seaboard) N.V.
Tyndall Group
Utd. Intnl. Mngmnt. (C.I.) Ltd.
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Union-Investment-Gesellschaft mbH
van Cutsem & Associates Ltd.
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Wren Commodity Trust

# FT UNIT TRUST INFORMATION SERVICE

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# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Public Board and Ind.

Financial

| | | | | | | |
|---|---|---|---|---|---|---|
| 103¾ | 96 | FFI 13pc 1981 | 97 | ...... | 13.40 | 16.74 |
| 105¾ | 93½ | Do. 14pc '83 | 94¾ | ...... | 14.77 | 15.96 |
| 86½ | 77½ | ICFC 5½pc Deb. '80-82 | 81xd | ...... | 6.79 | 14.87 |
| 85 | 69 | Do. 6½pc Db. '81-84 | 73½ | ...... | 8.77 | 15.00 |
| 99 | 79½ | Do. 10½pc Uns. Ln. '86 | 84 | ...... | 12.82 | 15.30 |
| 99 | 77 | Do. 11pc Uns. Ln. '88 | 83 | ...... | 13.59 | 14.75 |
| 101½ | 80 | Do. 11¼pc Uns. Ln. '90 | 85 | −½ | 14.24 | 15.25 |
| 73½ | 54½ | Do. 7¼pc A Deb. '89-92 | 57½ | ...... | 15.15 | 15.30 |
| 69 | 51½ | Do. 7¼pc A Db. '91-94 | 54xd | ...... | 15.43 | 15.30 |
| 72 | 64 | Do. 9pc 'A' '91-94 | 65xd | ...... | 13.85 | 15.00 |
| 78½ | 61 | Do. 8½pc Ln. '92-97 | 62xd | ...... | 14.31 | 15.00 |
| 102 | 84½ | Do. 12½pc Uns. Ln. 1992 | 85xd | ...... | 14.70 | 15.25 |

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### Sri Lanka

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### FAR WEST RAND

[illegible]

### O.F.S.

[illegible]

### FINANCE

[illegible]

### DIAMOND AND PLATINUM

[illegible]



## MINES—Continued

### CENTRAL AFRICAN

| 1979-80 High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 430 | 97 | Coronation | 300 | — | †Q54c | 2.2 | 10.7 |
| 680 | 132 | Falcon Rh.50c | 670 | — | †Q100c | 1.7 | 11.5 |
| 48 | 11 | Rhod'n Corp. 16⅔p | 40xd | +1 | 0.56 | 8.5 | 2.0 |
| 267 | 70 | Roan Cons. K4 | 190 | +30 | †Q0.12 | ♦ | 4.0 |
| 67 | 26 | Wankie Col. Rh.1 | 59 | +1 | Q9c | 1.5 | 10.5 |
| 57 | 9 | Zam.Cpr. SBD0.24 | 32 | +1 | — | — | — |

### AUSTRALIAN

| High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 28 | 18 | Aemex 50c | 24 | — | — | — | — |
| 24 | 4 | ACM 20c | 16 | +1 | — | — | — |
| 115 | 50 | Bond Corp. | 85 | +5 | Q3.75 | 2.2 | 2.2 |
| 234 | 100 | Bougainville 50 Toea | 173 | +3 | s029½c | ♦ | 12.1 |
| 265 | 84 | BH South 50c | 200 | — | — | — | — |
| 25 | 11½ | Canada Southwest | 16 | +1 | — | — | — |
| 54 | 8 | Carr Boyd 20c | 25 | +2 | — | — | — |
| £26 | 340 | Central Pacific | £18½ | +1½ | — | — | — |
| 356 | 170 | Conzinc Riotinto 50c | 258 | +18 | Q15c | ♦ | 3.8 |
| 39 | 14 | Cultus Pacific N.L. | 30 | +4 | — | — | — |
| *50 | 2½ | Eagle Corp. 10c | 30 | +5 | — | — | — |
| 26¼ | 11 | Endeavour 20c | 20 | +2¼ | — | — | — |
| 258 | 62 | G. M. Kalgoorlie 25c | 208 | +25 | †Q3c | — | 0.7 |
| 372 | 148 | Hamptn Areas 5p | 350 | — | 3.5 | 2.8 | 1.4 |
| 75 | 20 | Haoma Gold N.L. | 43 | +6 | — | — | — |
| 72 | 25 | Metals Ex. 50c | 66 | +1 | — | — | — |
| 314 | 134 | M.I.M. Hldgs. 50c | 222 | +5 | ‡Q16.1c | 1.8 | 3.7 |
| 38 | 15 | Minefields Expl. | 38 | +3 | — | — | — |
| 155 | 30 | Mount Lyell 25c | 92 | +8 | — | — | — |
| 44 | 13 | Newmetal 20c | 19 | — | — | — | — |
| 210 | 91 | ††North B. Hill 50c | 164 | +8 | Q12c | 1.4 | 3.7 |
| 80 | 7½ | Nth. Kalgurli | 60 | +6 | — | — | — |
| 165 | 45 | Nth. Mining Corp. | 110 | — | — | — | — |
| 71 | 18 | N. West Mining N.L. | 38 | +3 | — | — | — |
| 235 | 76 | Oakbridge $A1 | 173 | — | Q12c | 4.7 | 3.6 |
| 122 | 22 | Otter N. L. | 85 | — | — | — | — |
| 246 | 58 | Pacific Copper | 194 | +30 | — | — | — |
| *575 | 125 | Pancont'l 25c | 315 | +20 | — | — | — |
| *78 | 2 | Paringa M&Ex 5p | 57 | +1 | — | — | — |
| 495 | 248½ | Peko-Wallsend 50c | 385 | +20 | †Q17.5c | ♦ | 2.3 |
| 230 | 125 | Selcast A | 170 | +25 | — | — | — |
| £10½ | 145 | Southern Pacific | 737 | +87 | — | — | — |
| *75 | 8½ | Swan Resources 20c | 52 | +2 | — | — | — |
| 16 | 12 | West Coast 25c | 12 | — | — | — | — |
| 268 | 121 | Westn. Mining 50c | 208xd | +8 | †Q7c | 1.6 | 1.8 |
| 30 | 8 | Westmex | 15 | — | — | — | — |
| 94 | 40 | Whim Creek 20c | 72 | −4 | — | — | — |
| 25 | 10½ | York Resources | 17 | +1 | — | — | — |

### TINS

| High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 34 | 23 | Amal. Nigeria | 31 | — | t6.0 | 1.9 | 27.6 |
| 435 | 265 | Ayer Hitam $M1 | 275xd | — | ‡Q290c | 0.9 | ‡ |
| 72 | 48 | Beralt Tin | 50 | — | 4.5 | ♦ | 12.9 |
| 270 | 149½ | Berjuntai $M1 | 160 | −10 | ‡Q95c | 1.0 | ‡ |
| 230 | 125 | Geevor | 200 | — | 8.71 | 3.1 | 6.2 |
| 11 | 8 | Gold & Base 12½p | 10 | −½ | — | — | — |
| 365 | 295 | Gopeng Cons. | 335 | — | 25.0 | 1.8 | 10.7 |
| 370 | 289 | Hongkong | 300 | — | 35.87 | ♦ | 17.1 |
| 105 | 64 | Idris 10p | 98 | — | 28.0 | ♦ | 11.7 |
| 15 | 9½ | Jantar 12½p | 14 | — | — | — | — |
| 95 | 38 | Kamunting $M0.50 | 70 | — | Q47½c | 1.1 | 15.2 |
| 620 | 210 | Killinghall $M1 | 320# | — | Z060c | — | 3.8 |
| 660 | 365 | Malay Dredging $M1 | 660 | — | †Q105c | 2.6 | 3.2 |
| 57 | 26 | Pahang | 27 | +1 | 0.44 | 0.3 | 2.4 |
| 123 | 60 | Pengkalen 10p | 94 | — | 6.0 | 1.1 | 9.1 |
| 290 | 195 | Petaling $M1 | 270 | — | Q150c | 1.4 | 11.3 |
| 87 | 53 | Saint Piran | 60 | — | ‡2.5 | 6.4 | ‡ |
| 58 | 34 | South Crofty 10p | 35 | — | ‡3.0 | 2.0 | ‡ |
| 255 | 170 | South Kinta $M0.50 | 218 | — | Q150c | 1.0 | 14.5 |
| 430 | 285 | Sthn Malayan $M1 | 390 | — | Q175c | 2.1 | 9.1 |
| 310 | 210 | Sungei Besi $M1 | 255 | — | †Q520c | 1.0 | 41.5 |
| 75 | 25 | Supreme Corp. $M1 | 46 | — | Z010c | — | 4.4 |
| 105 | 93 | Tanjong 15p | 95 | — | 24.5 | ♦ | 6.8 |
| 115 | 80 | Tongkah H. Tin | 80 | — | Q45c | 1.3 | 12.6 |
| 280 | 190 | Tronoh $M1 | 235 | — | †Q25c | 5.2 | 2.2 |

### COPPER

| High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 235 | 56 | Messina R0.50 | 180 | +8 | Q10c | ♦ | 3.2 |

### MISCELLANEOUS

| High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 160 | 78½ | Anglo-Dominion | 150 | — | — | — | — |
| 97 | 54 | Barymin | 72 | +5 | — | — | — |
| 14½ | 10 | Burma Mines 17½p | 13½ | — | — | — | — |
| 502 | 170 | Cons. Murch. 10c | 410 | +50 | Q100c | ♦ | 14.0 |
| 585 | 280 | Northgate C$1 | 420 | +40 | — | — | — |
| 492 | 226 | R.T.Z. | 367 | +3 | †11.5 | 3.4 | 4.5 |
| 33 | 12 | Robert Mines | 28 | −½ | — | — | — |
| 65 | 26 | Sabina Inds. C$1 | 40 | +3 | — | — | — |
| 880 | 470 | Tara Exptn. $1 | 560 | — | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- $ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. 2 Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | | IRISH | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 28 | — | | | |
| Bertam | 18 | — | Conv. 9% '80/82 | £86⅝ | — |
| Bdg'wtr. Est. 50p | 335 | — | Nat. 9¼% 84/89 | £78½ | +⅛ |
| Clover Croft | 60 | — | Fin. 13% 97/02 | £77½ | — |
| Craig & Rose £1 | £18½ | — | Alliance Gas | 68 | — |
| Fife Forge | 36 | — | Arnott | 380 | −20 |
| Finlay Pkg. 5p | 22 | — | Carroll (P.J.) | 98 | −1 |
| Graig Ship. £1 | 900 | — | Clondalkin | 103½ | −½ |
| Higsons Brew. | 75 | — | Concrete Prods. | 85 | −3 |
| Holt (Jos) 25p | 255 | — | Helton (Hldgs.) | 34 | — |
| I.O.M. Stm. £1 | 162 | — | Ins. Corp. | 235 | — |
| Pearce (C. H.) | 400 | — | Irish Ropes | 80 | — |
| Peel Mills | 37 | — | Jacob | 37 | — |
| Sheff. Refrshmt | 97½ | — | T.M.G. | 145xd | +9 |
| Sindall (Wm.) | 165 | — | Unidare | 103 | — |

## OPTIONS

### 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 8 | I.C.I. | 32 | Utd. Drapery | 9 |
| BOC Intl. | 6 | "Imps" | 7 | Vickers | 14 |
| B.S.R. | 5 | I.C.L. | 45 | Woolworths | 6½ |
| Babcock | 12 | Inveresk | 5 | **Property** | |
| Barclays Bank | 30 | Ladbroke | 15 | Brit. Land | 7 |
| Beecham | 13 | Legal & Gen. | 14 | Cap. Counties | 9 |
| Blue Circle | 25 | Lex Service | 10 | Land Secs. | 25 |
| Boots | 17 | Lloyds Bank | 24 | MEPC | 17 |
| Bowaters | 16 | "Lots" | 3½ | Peachey | 13 |
| B.A.T. | 25 | London Brick | 6 | Samuel Props. | 12 |
| Brown (J.) | 7 | Lucas Inds. | 20 | Town & City | 2 |
| Burton 'A' | 22 | "Mams" | 14 | | |
| Cadburys | 5½ | Mrks. & Spncr | 9 | **Oils** | |
| Courtaulds | 8 | Midland Bank | 30 | Brit. Petroleum | 38 |
| Debenhams | 8 | N.E.I. | 5 | Burmah Oil | 20 |
| Distillers | 21 | Nat. West. Bank | 32 | Charterhall | 12 |
| Dunlop | 5½ | P & O Dfd. | 9 | KCA | 11 |
| Eagle Star | 14 | Plessey | 16 | Premier | 12 |
| F.N.F.C. | 2½ | Racal Elect. | 28 | Shell | 35 |
| Gen. Accident | 21 | R.H.M. | 4½ | Tricentrol | 35 |
| Gen. Electric | 30 | Rank Org. | 18 | Ultramar | 50 |
| Glaxo | 40 | Reed Intnl. | 17 | | |
| Grand Met. | 12 | Sears | 5½ | **Mines** | |
| G.U.S. 'A' | 30 | Tesco | 7 | Charter Cons. | 18 |
| Guardian | 25 | Thorn | 25 | Cons. Gold | 42 |
| G.K.N. | 22 | Trust Houses | 14 | Lonrho | 12 |
| Hawker Sidd | 15 | Tube Invest. | 27 | Rio T. Zinc | 35 |
| House of Fraser | 12 | Unilever | 40 | | |
| | | U.D.T. | 4 | | |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Friday March 21 1980



# Steel pay offer may go to committee

By Christian Tyler, Labour Editor

STEEL UNIONS will today formally tell the British Steel Corporation that they reject its latest pay offer.

Talks at BSC headquarters in London are seen as the last attempt by the unions to negotiate a settlement greater than the 10 per cent offered nationally, plus at least 4 per cent in return for job losses negotiated at works level.

If the BSC merely repeats the offer, the unions may propose third-party intervention. They favour a committee of inquiry with an independent chairman and one assessor from each side of industry.

BSC said it would look seriously at such suggestions, provided the terms of reference were confined to pay and did not extend to the corporation's plans to close plants.

The corporation appears convinced it could satisfy any third party that its offer—which it says could be worth up to 21 per cent in some areas—is all it could afford. It would almost certainly try to get the unions to accept formal and binding arbitration—an option the union side has not ruled out.

If today's talks go badly, the unions might threaten to withdraw safety cover, which could delay a re-start by weeks or months after the strike was called off.

But, this appears to be a weapon of last resort that the unions are reluctant to use.

Union sources stressed that the negotiating team of 10, representing 13 unions, was going into the talks with a broader remit from the membership than at any time in the dispute, now in its 12th week.

BSC executives have said they will go ahead with their own ballot of the 132,000 strikers if the unions reject the offer, refuse arbitration and refuse to conduct their own poll. The unions would do everything possible to discredit such a ballot, and would warn the BSC that all co-operation—including any on productivity—would be withdrawn.

**Robin Reeves, Welsh Correspondent, writes:** The Wales TUC yesterday gave a cautious welcome to a letter from Sir Keith Joseph, the Industry Secretary, about the proposed rapid rundown of the Welsh steel industry.

The letter appeared to indicate a significant change of heart in the Government's thinking about the problems the rundown would create for the whole Welsh economy, the TUC said.

In it Sir Keith notes that the March 31 deadline for agreeing the redundancies programme had been dropped. More significantly, he emphasises that the Government is investigating ways individuals and communities affected by the BSC's planned retrenchment could be assisted through the EEC.

Sir Keith also stresses that the extent to which other steel industries are being subsidised, notably through cheap supplies of coking coal, is being investigated through the National Economic Development Office.

"We will also lose no opportunity of pursuing with the EEC Commission the question of what Community means might be available to give UK coking coal a rather more stable competitive position," Sir Keith says.

But the letter reveals that the Department of Industry takes an even more gloomy view of the BSC's market prospects in the months ahead than the corporation itself. "Our own estimates of UK demand do not disagree with BSC's. They are, if anything, slightly more pessimistic," Sir Keith says.

More strike news Page 6

# British Shipbuilders chief removed

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT has decided to remove Mr. Michael Casey from the job of chief executive of British Shipbuilders when his contract runs out in May. This means that candidates have to be found for both Mr. Casey's job and for the chairmanship of the state-owned corporation during the next two or three months.

It is thought that there are now two or three possible candidates for the chairman's post, which carries a £44,000 a year salary.

Earlier this week the Government announced that the present chairman, Admiral Sir Anthony Griffin, 60, is to stay on for an extra three months before retiring. This has made it possible for Mr. Casey's departure to be settled immediately.

Mr. Casey, who is 51, is a former Industry Department civil servant who was seconded to British Shipbuilders in 1977 after the corporation's chief executive designate, Mr. Graham Day, resigned during the long Parliamentary rows over the industry's nationalisation.

Mr. Casey let it be known late last year that he would have liked to serve for another term. He was told he could not early last week by Mr. Adam Butler, Minister of State for Shipbuilding. He has since seen Sir Peter Carey, the Industry Department's Permanent Secretary, to discuss a return to Whitehall in May, possibly in his previous rank of an under secretary.

His departure in May was announced by British Shipbuilders yesterday which also issued a statement from Mr. Butler. This praised Mr. Casey's contribution in building a management team his resourcefulness and success in winning new business and his work on improving industrial relations.

The decision not to reappoint him has been taken in Whitehall after a lot of heart-searching. His successes have been recognised. However, he has a flamboyant personal style which has made many critics and enemies in an industry noted for its internal dissension.

Although no official reason was given for Mr. Butler's decision, it is understood that the Government believes a man with more direct practical experience of business and industrial affairs should now be appointed to develop the business from the organisational base built by Mr. Casey, and especially to improve productivity and cut costs.

If, as seems likely, the Government decides to appoint a chief executive—on a salary of about £30,000—from within the industry, Mr. John Parker, the corporation's production director, would be one likely candidate. Others would be Mr. Derek Kimber, who runs Austin and Pickersgill, Mr. John Steel, of Swan Hunter, or Mr. Bill Richardson of Vickers.

The departure of two other key figures in the industry has also been announced recently. Mr. Archie Gilchrist was dismissed from the chairmanship of the Govan yards in Glasgow last December, and Mr. Ross Belch is to give up his job as chief executive of Scott Lithgow on the lower Clyde at the end of this year.

France overtakes Britain, Page 6

# Germans in Saudi oil deal

BY KEVIN DONE IN FRANKFURT

WEST GERMANY has secured two major long-term crude oil supply contracts from Saudi Arabia. They will guarantee the direct supply of 8.3m tonnes a year (166,000 barrels a day) of crude.

The deals are worth about $1.57bn (£715m) a year at current prices.

In a notable international oil industry coup Avia, a group of 30 small independent oil companies, backed by the strong support of the West German Government, has a deal with Petromin, the Saudi state oil company, for 100,000 barrels a day (5m tonnes a year) over the next three years.

The first oil is due to be lifted in April and will be bought at official prices of the Organisation of Petroleum Exporting Countries.

Veba, West Germany's biggest industrial company in which the state has a 44 per cent interest, said yesterday it had won an additional contract to lift 3.3m tonnes of crude a year. It already has a contract for 1m tonnes a year (20,000 b/d). Liftings began earlier this month.

About three-quarters of Avia's crude is to be processed by Deutsche BP, the West German affiliate of British Petroleum, and the balance by Shell.

BP has been scouring the world for oil sources since the loss of a significant part of its supplies from Iran and Nigeria.

BP and Shell will also receive the contracts for shipping the crude.

The processing is in separate agreements between Avia and the two companies. They are in no way similar to the agreement between BP and Saudi Arabia concluded earlier this year under which BP is refining 50,000 b/d of the Kingdom's crude.

Avia is a broadly-based European oil group with more than 5,000 service stations in eight countries. It was formed in Switzerland in the late 1920s to try to give small independents greater strength in the oil market by concentrating their buying power.

Under the deal, however, its Saudi oil must be kept within West Germany.

Groundwork for the deals was laid in secret in early January, during a visit by Count Otto Lambsdorff, the West German Economics Minister, to Saudi Arabia. In talks with Ministers, it was made clear that Bonn would appreciate any gesture which helped to guarantee direct crude oil supplies to West Germany.

Saudi Arabia is already its biggest supplier of crude—17 per cent of imports of 107m tonnes last year. But, traditionally, most of these supplies has flowed through the systems of the major international oil companies, which dominate the West German market.

The Government, and the Economics Ministry in particular, is keen to bolster the independent oil trading companies. Last year they were badly squeezed by the majors, when crude oil and product supplies were tight and Rotterdam spot market prices jumped wildly in panic buying.

In his Saudi talks, Count Lambsdorff supported Avia as much as better-known concerns, such as the giant Veba.

The Avia deal has given the small oil distributors—they supply about 20 per cent of the German market for petrol, disel and heating oil—independence from the international majors.

Avia has agreed to make surplus product supplies available for sale to other small independent operators. It cannot alone cope with such large volumes.

The deal has also placed Avia in an unusually strong position to negotiate favourable processing deals with the oil majors in West Germany.

**Our Foreign Staff writes:** The Avia deal has caused some puzzlement in Saudi Arabia. The group has no capacity of its own and the agreement seemed to contradict the new policy of maintaining control of final destination of its crude.

That requirement, however, is believed to have been satisfied by the stipulation that the oil must be kept in West Germany.

# Mortgage system may change

BY MICHAEL CASSELL

THE RECOMMENDED mortgage rate system operated by the building societies could soon disappear, Mr. Leonard Williams, chairman of the Building Societies Association, said yesterday.

Addressing the Metropolitan Association of Building Societies in London, he said that the "purpose and nature" of the present recommended system of interest rates would come under closer scrutiny in the months ahead.

His comments follow a recent Building Societies Association working party report suggesting that to meet likely demand for home loans in the next decade the societis eoffer fully competitive terms to investors and raise general level of mortgage rates.

The working party's conclusions, which Mr. Williams said would have "very far-reaching implications" if put into effect, are being actively debated in the movement.

They will form the main business at the association's annual conference in May. There is growing feeling in the societies that when interest rates in the economy generally begin to fall, they could embark on a new policy of competition by keeping their own interest rates high.

Mr. Williams said that, if the fresh approach was already in operation, the present mortgage rate would be about 18 or 19 instead of 15 per cent.

He emphasised that the present system of recommended rates was "far less rigid than sometimes alleged." While many smaller societies had an independent interest rate structure, many larger ones were developing special investment schemes offering higher returns.

"These variations are in my view to be welcomed and it could be that the association's council may move in the not too distant future towards confining its recommendations only to the ordinary share rate."

This rate offered little scope for major societies to be out of line and yet provided a useful base line for other rates.

● The Halifax Building Society's assets increased by £1.34bn to £8.94bn last year in figures given yesterday. Receipts were £4.233bn against £3.366bn the previous year, and mortgage advances £1.824bn.

# Callaghan may rid Labour of 'militants'

By Elinor Goodman

MR. JAMES CALLAGHAN is likely to use his influence as party leader to try to rid the Labour Party of the Trotskyist Militant Tendency organisation on the grounds that it is breaking the party rules.

His demands may well lead to further discontent on the party's National Executive. In spite of the publication yesterday by Lord Underhill, the party's former national agent, of detailed evidence of the Tendency's activities within the Labour Party, the signs were that most members of the executive felt the best way to deal with the Trotskyists was by political argument rather than expulsion.

As a firm believer in the importance of abiding by the rules, Mr. Callaghan is likely to argue, however, that unless the Tendency changes its way it has no right to be in the Labour Party.

Lord Underhill's report based on documents published by the Militant Tendency itself between 1973 and 1978, alleges that the group is trying to use the Labour Party to further its own aim of world revolution. To to achieve this, it had set up its own organisation and newspaper, with full time staff, and a network of what they call "cadres" and "caucuses."

All members followed the ideas of Trotsky, Lenin and Marx. The aim, the report says, was to get "two or three Trotskyists in every party branch," and a "citadel in every constituency" to form the nucleus of a mass Bolshevik movement.

Lord Underhill claimed yesterday that the Trotskyists had "buried themselves right into the heart of the Labour Party." He thought there were probably only about 2,000 members and estimated that the Tendency had influence in about 60 constituencies.

There was no chance of its taking over the Labour Party, he said, but the National Executive should dissociate itself from the kind of revolutionary policies Militant was advocating. He did not want Militant expelled but the party must do all it could to expose the group.

Labour Party rules forbid any group setting up its own separate organisation or propaganda machine within the party and Lord Underhill's document appears to show that Militant is infringing these rules. But last night Mr. Ted Grant, a leading member of Militant, insisted that they were not a party within a party. The report, he said, was "rubbish," made up of extracts from Militant's own publications and inventions "probably of the CIA."

Details, Page 11

## Weather

UK TODAY

MOSTLY cold with snow flurries and some sunny intervals.

**London, S.E., E. England, E. Anglia, E. Midland, Channel Islands**
Cloudy, mainly dry. Very cold. Max. 4C (37F).

**Central Southern, S.W. England, W. Midlands, S. Wales**
Sunny intervals. Cold. Max. 6C (43F).

**N.E., N.W., Central Northern England, N. Wales, Lake District, Isle of Man, Borders**
Cloudy, occasional snow dying out. Cold. Max. 3C (37F).

**Edinburgh, Dundee, Glasgow areas, Central Highlands, Argyll, N.E., N.W. Scotland, N. Ireland**
Sunny intervals. Occasional snow. Max. 4C (39F).

Outlook: Continuing cold and changeable.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | C | 14 | 51 | L. Pims. | C | 21 | 70 |
| Algiers | C | 18 | 64 | Lisbon | C | 13 | 55 |
| Amsdm. | S | 1 | 34 | Locarno | R | 6 | 43 |
| Athens | S | 14 | 57 | London | C | 3 | 37 |
| Bahrain | S | 23 | 73 | Luxmbg. | C | 0 | 32 |
| Barcelna. | F | 15 | 59 | Luxor | F | 36 | 96 |
| Beirut | S | 17 | 63 | Madrid | C | 9 | 48 |
| Belfast | F | 2 | 36 | Majorca | S | 16 | 61 |
| Belgrd. | F | 15 | 59 | Malaga | C | 16 | 61 |
| Berlin | S | 1 | 34 | Malta | C | 16 | 61 |
| Biarritz | S | 11 | 52 | M'chstr. | C | 1 | 34 |
| Bmghm. | C | 1 | 34 | Melbne. | S | 21 | 70 |
| Blackpl. | C | 3 | 37 | Milan | R | 7 | 45 |
| Bordx. | R | 8 | 46 | Montreal. | S | 8 | 49 |
| Boulgn. | C | 0 | 32 | Moscow | Sn | −5 | 23 |
| Bristol | F | 3 | 37 | Munich | C | 1 | 34 |
| Brussels | C | 0 | 32 | Nairobi | S | 25 | 77 |
| Budpst. | C | −1 | 30 | Naples | R | 10 | 50 |
| B. Aires. | S | 35 | 95 | Nwcstl. | Sn | 1 | 34 |
| Cairo | S | 28 | 82 | N. York | H | 11 | 52 |
| Cardiff | F | 2 | 36 | Nice | C | 12 | 54 |
| Cas'b'ca | C | 16 | 61 | Oporto | C | 11 | 52 |
| Cape T. | S | 20 | 68 | Oslo | F | −2 | 28 |
| Chicago | C | 12 | 54 | Paris | Sn | 2 | 36 |
| Cologne | S | 4 | 39 | Perth | C | 21 | 70 |
| Cpnhgn. | F | −1 | 30 | Prague | C | −1 | 30 |
| Corfu | F | 14 | 57 | Reykivk. | S | −4 | 25 |
| Dublin | C | 3 | 37 | Rhodes | F | 17 | 63 |
| Dbrvnk. | F | 15 | 59 | Rio J'o | S | 30 | 86 |
| Ednbgh. | C | 1 | 34 | Rome | R | 12 | 54 |
| Faro | C | 16 | 61 | Salzbrg. | S | 6 | 43 |
| Florence | R | 8 | 46 | Singapr. | R | 31 | 87 |
| Frankft. | C | 2 | 36 | Strasbg. | S | 5 | 41 |
| Funchal | F | 18 | 64 | Sydney | S | 22 | 73 |
| Geneva | C | 6 | 43 | Tangier | C | 17 | 63 |
| Gibrltr. | R | 14 | 57 | Tel Aviv | F | 18 | 66 |
| Glasgow | F | 3 | 37 | Tokyo | S | 11 | 52 |
| G'nsey | C | 3 | 37 | Toronto | H | 11 | 52 |
| Helsinki | S | 7 | 19 | Tunis | C | 18 | 64 |
| H. Kong | S | 23 | 73 | Valencia | F | 15 | 59 |
| Innsbrk. | C | 12 | 54 | Venice | R | 8 | 46 |
| Invrnss. | Sn | 1 | 34 | Vienna | Sn | −1 | 30 |
| Istanbul | S | 8 | 46 | Warsaw | S | −2 | 28 |
| Jersey | C | 3 | 37 | Zurich | C | 3 | 37 |
| Jo'burg | C | 22 | 71 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. H—Hazy.

THE LEX COLUMN

# The 'corset' and the M3 bulge

Yesterday's double-barrelled blast of monetary argument from the Treasury and the Bank of England failed to have any visible impact upon the financial markets in London. That is not surprising, for the only proposal of immediate importance to emerge is that the days of the corset controls are numbered. The scheme could even be brought to an end by the Chancellor in the Budget speech next Wednesday.

For the rest, the prospect of adoption of monetary base controls has virtually disappeared after the sceptical dissection of various proposals by the authorities, though a consultative crack remains open in the door. It is just possible that the Government could be persuaded that some kind of automatic or "indicator" system should be developed to determine changes in interest rates, but it is clear that the Bank of England will give up its discretion in this area only with the greatest reluctance.

The other major point to emerge is that the authorities intend to reform the current reserve asset system under which the banks have operated since 1971. The Bank proposes to go over to a more sensitive monitoring of prudential holdings of liquid assets, taking into account the maturity structure of different banks' liabilities.

Given that the authorities have never in practice tried to use a reserve asset squeeze as a way of controlling the banking system, this does not imply any weakening of supervision. Indeed, for some wholesale and foreign banks, the proposed requirements may be much more restrictive than the existing system. Moreover, non-clearers — under another proposal — may be required to hold balances with the Bank of England, as the clearers already do. The Green Paper regards this as "more equitable," but such banks without the clearers' interest-free balances, are unlikely to see it that way.

Although the details are complex, the central theme of the Green Paper remains the determination of the Government to reduce the growth of the money stock progressively. It is also clear that the authorities are seeking to avoid quantitative controls, which lead to disintermediation and therefore distortion of the monetary statistics. The Government is refusing to follow the Americans down this blind alley.

This is an embarrassing time, however, to abandon the corset, just as it is biting. The immediate problem is that without it certain loans will return to the banking system and very quickly push up sterling M3—possibly by something of the order of two points. As yesterday's figures for banking February showed, sterling M3 is already around a point above its target growth range. But it is right that the authorities should face directly up to this.

**Index rose 1.2 to 433.2**


## Stone-Platt

Stone-Platt's ghastly figures reflect a compendium of the ills that afflicted British industry last year—the collapse of export margins, sluggish business in declining sectors such as textiles and shipbuilding, and numerous costly strikes. Despite a rise in overseas profits before interest and tax from £6.2m to £8m, the group's 1978 pre-tax profit of £9.5m turned into a £2.9m loss. After a hefty tax charge on the overseas earnings, exchange losses, goodwill write-offs and a £7½m provision for closure and reorganisation costs of the Lancashire textile machinery business, £17.5m has had to be withdrawn from reserves, and the final dividend has been passed.

The rise in borrowings has been held to £15.6m; which leaves net debt at 61 per cent of equity after a £7m property revaluation. Gearing is set to rise further this year: even with capital spending kept at a minimum, the closures will absorb some cash in 1980, and profits seem likely to be negligible unless sterling falls and interest rates with it.

After yesterday's 6p fall in the shares to 36p, the market capitalisation is a mere £14½m, a quarter of net worth. While the management works to shrink the UK business to the size at which it can once again make a reasonable return, the group's problems are likely to deter any acceptable bidder, that is, a bidder prepared to keep the group together.

## Philips

As 1979 progressed the pressure on Philips' margins intensified and trading profits, 6 per cent ahead at the halfway stage, have recorded a 27 per cent decline in the second half. Pre-tax profits for the year have fallen 9 per cent to Fl1.1bn, and on the London market—still open when the first figures registering the bad news came over the wire—the shares dropped 10p to 390p.

The main damage has been inflicted in colour television and components in Europe—particularly in the Netherlands itself—where demand grew more slowly than Philips had projected. Although volume was 6 per cent up in real terms and the company managed to increase its market share, fierce competition, especially from the Japanese, acted as a brake on prices. There was also a consumer shift towards smaller tv sets, which exacerbated the company's stocks problem: the proportion of stocks to sales has moved up 2 percentage points to 31.5 per cent over the year. With a maintained dividend, the yield is 10 per cent.

## Barclays Bank

The clearing bank results season, which ended with the Barclays figures yesterday, has done absolutely nothing for share prices, with the bank sector index nestling third from bottom in the 1980 leaders and laggards table, underperformed only by household goods and toys and games. Barclays' 42 per cent pre-tax improvement to £529.4m did litle to change the market's sceptical response, though at least it has been a little more positive over the dividend: it promises an effective rise of a fifth this year, after the one-for-five scrip issue, on top of the 31 per cent increase in the gross payment now declared for 1979. Still, Barclays has been yielding less than the others in the recent past, and the yield of 6.5 per cent at 415p is still the lowest on offer from the Big Four. Barclays' historical cost p/e ratio, incidentally, is as modest as 2.7, rising only to just over 5 on a current cost basis.

Of the £155m rise in profits before loan interest for 1979, £137m was contributed by the parent bank. Clearly this performance in domestic banking is exceptional, but it now looks as though favourable conditions will stretch a long way into 1980.

# New bank liquidity controls proposed

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

A NEW regime for measuring and controlling liquidity of banks was proposed yesterday by the Bank of England. The scheme would be introduced as part of new banking supervision arrangements required by the 1979 Banking Act.

The Bank says the new regime is necessary because present tests for adequate liquidity in banking overlap, as well as being incomplete and inadequate.

It says that foreign currency business should be incorporated in the new liquidity framework, but for the time being it does not propose to extend the primary liquidity requirement beyond banks' sterling books.

In a paper outlining its proposals it adds that it wishes to extend these controls as rapidly as possible to foreign branches of UK banks.

The Bank scheme to measure the liquidity requirement distinguishes between liabilities and assets whose maturity is known with certainty, and those of uncertain maturity.

The test involves two components, a proportion of each bank's maturity - uncertain liability, together with a proportion of any net liability position arising from maturity—certain assets and liabilities in a range of time bands.

Continued from Page 1

## Money supply control

in a diversion of banking operations to escape the limits.

Mr. Lawson said the Chancellor was likely to say something about the future of the corset inu his Budget next Wednesday. The corset is due to run out in June, but the timing of its end will be affected by judgments about the extent to which banking operations will be switched back to normal methods, which will inflate the published money supply figures, to end in June.

The other key change is the proposed end of the requirement on banks to hold a minimum ratio (12½ per cent) of certain types of assets in proportion to the majority of their liabilities. This is known as the reserve assets ratio, and is regarded as distorting the short-term market for debt.

However, the authorities believe it is essential that adequate prudential standards of liquidity are maintained. The Bank yesterday published a separate consultative document on this. Once consultations have been completed, the ratio would lapse.

Continued from Page 1

## Monetary

ernment borrowing requirement, reflecting the unexpectedly high tax payments. Even though net sales of gilt-edged stocks were less than in recent months, they were still sufficient, in combination with national savings, to offset by the very heavy surrenders of certificates of tax deposit.

There is a seasonal pattern in purchases and surrenders of such interest-paying certificates, since companies buy them early in the financial year and use them to pay tax later on. The Bank has now made a seasonal adjustment for them which reduces the increase in sterling M3 last month from 0.9 to 0.6 cent, indicating an annual rate of 11½ per cent since June and of 8½ per cent in the last four months.

External factors were neutral overall last month as substantial external finance of the public sector was matched by large switching into sterling by the banks.



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